DOCUMENT RESUME

ED 252 917 EA 017 387

TITLE	Elementary School Finance Manual.
INSTITUTION	National Catholic Educational Association, Washington, D.C.
PUB DATE	84
NOTE	135p.; Produced through the joint efforts of the Department of Elementary Schools and the Office of Development.
AVAILABLE FROM	Publication Sales, National Catholic Educational Association, 1077 30th Street, N.W., Suite 100, Washington, DC 20007 ($10.00 prepaid; quantity discounts).
PUB TYPE	Guides - Non-Classroom Use (055) -- Collected Works - General (020)
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	*Accounting; Administration; Budgets; *Catholic Schools; Cost Estimates; Donors; *Educational Finance; Elementary Education; Endowment Funds; Expenditures; Fund Raising; Income; Investment; Money Management; Planning; *Private Schools; Salaries; *Tuition; Volunteers

ABSTRACT

Developed to assist those responsible for financial matters in Catholic elementary schools, this manual presents each topic briefly and simply, taking into account administrators' minimal formal financial training. It is divided into six sections. Chapter 1, "Daily Financial Operations," describes the specifics of handling receipts, billings, and expenditures, and gives examples of double- and single-entry accounting systems. An appendix illustrates the systems outlined. Chapter 2, "The Annual Budget," outlines the steps involved in preparing budgets and includes four appendixes. "Tuition," chapter 3, provides a detailed discussion of the pricing formula and time of collection along with five appendixes with sample forms. "Long-Range Planning," chapter 4, delineates the differing roles and responsibilities of the pastor, principal, and school board in planning development, and includes eight appendixes. Chapter 5, "Fundraising," presents different fund-raising strategies and includes detailed examples. In chapter 6, "Steps Toward Development," the process involved in operating a development fund is outlined. (MD)

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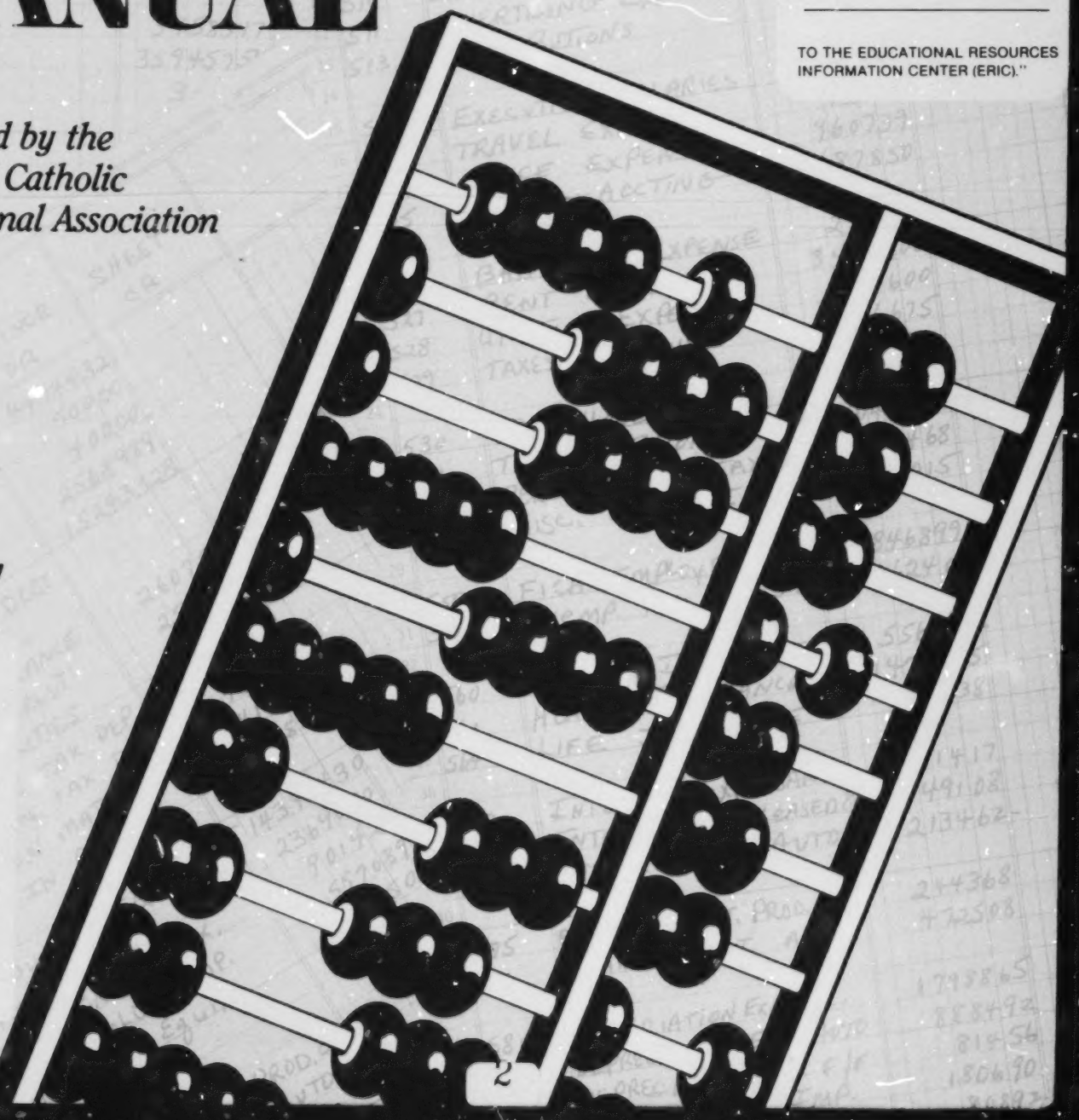

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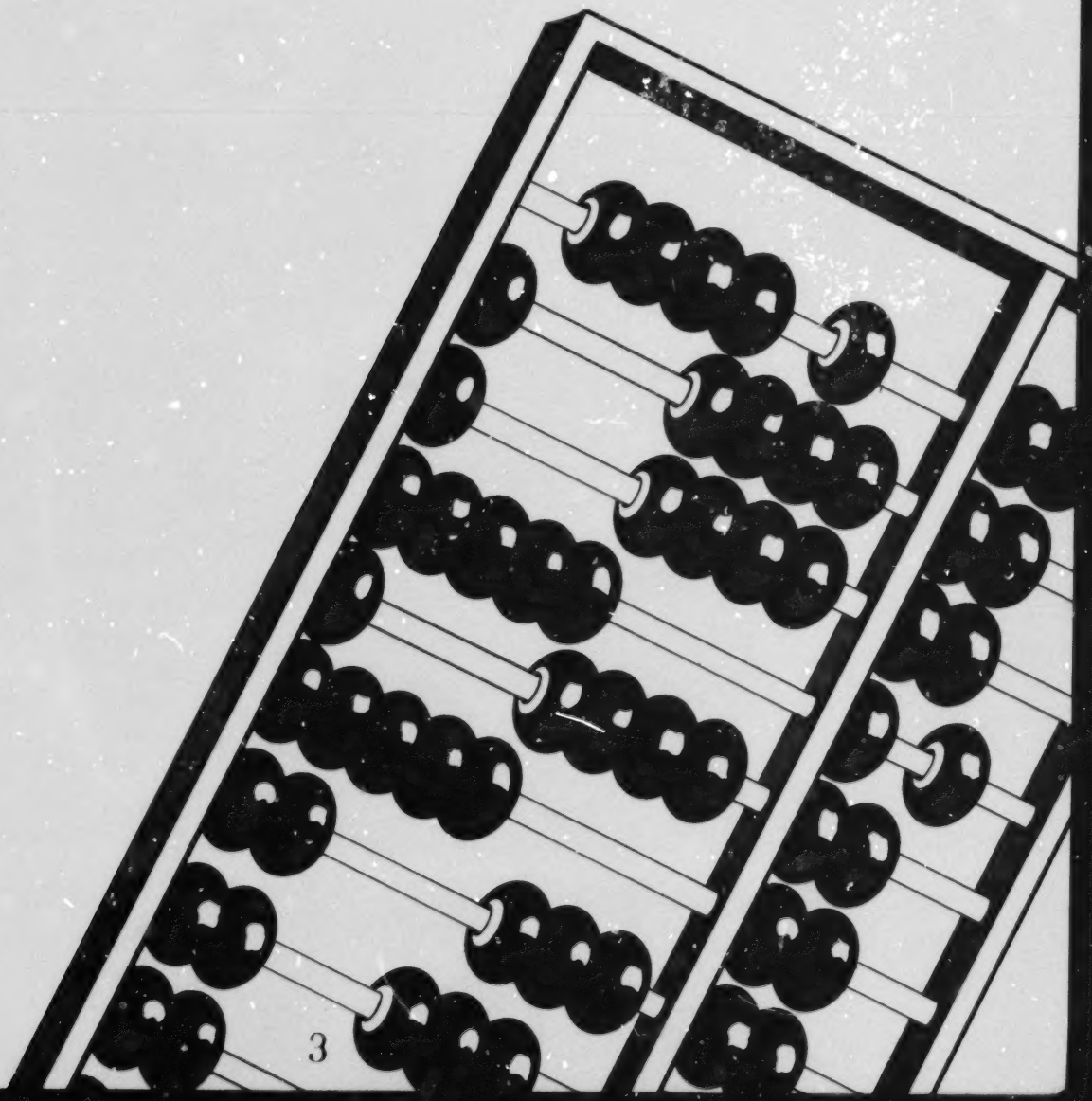

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Suite 100, 1077 30th Street, NW
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Foreword

In Catholic education, we continually strive to emphasize Gospel values. As a result, many of our most prized possessions are spiritual and therefore difficult to evaluate—much less to record on a balance sheet.

Yet the Gospel does speak to us about material concerns. Christ calls us to stewardship of the resources entrusted to our care; He urges careful planning lest our building be incomplete; and He surely urges trust in God's providence—after we have done our share.

In the light of changing times and needs, this volume treats all the key financial areas that are the responsibility of the Catholic elementary school. Each chapter presents important considerations as well as practical procedures.

Often persons who are responsible for financial matters in the Catholic elementary school have little formal financial training and less available time. For that reason, this manual presents each area briefly and simply—taking little for granted. Moreover, the chapters begin with the most familiar task of daily handling of money and gradually progress to the final chapter about long-term development efforts.

We present this manual with a sense of urgency as Catholic schools face unprecedented financial pressures, yet with the assurance that God will remain with us in the spiritual and material aspects of our ministry.

Carleen Reck, SSND
Executive Director
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Rev. Robert J. Yeager
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National Catholic Educational Association

Acknowledgements

During the past several years, many have contributed to the development of this financial manual. Initial support and suggestions came from the Department of Elementary Schools Executive Committee (DESEC) and the Chief Administrators of Catholic Education (CACE) Finance Committee.

Many books using the varied expertise of multiple authors tend toward duplication and omission. I want to thank the authors of this manual: Richard Burke, Richard Fenchak, James Haudan, George Hofbauer, Rev. John A. Thomas, and Rev. Robert J. Yeager. They not only shared their expertise, but did so in a manner that corresponded to our overall design.

To test for clarity and practicality, we asked some educators to review the completed manuscript; to these reviewers we express our gratitude: Wallace J. Dunne, Sr. Lucille Hass, Sr. Marie Kelly, Sr. Margaret Malone, Sr. Ruth Marion, Sr. Rosanne Oberleitner, Mrs. Mary Piotrowski, and Sr. Carol Zinn.

Most of all, I am grateful to Rev. Robert J. Yeager, NCEA Vice-President/Development, who graciously and enthusiastically assumed the greater part of coordinating and editing this manual. Without his time and interest, it would still be in development. In the name of all Catholic elementary educators, I express thanks to him and to all others whose efforts contribute to the financial stability of our schools.

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Chapter 1

DAILY FINANCIAL OPERATIONS

by Richard J. Fenchak

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Introduction

The daily financial operations which take place in the school are those events and actions which result from either the receipt or expenditure of funds. The daily financial operations in the school must be clear, concise and to a large degree, repetitive in nature. Money management in the elementary school situation should be handled in a fashion similar to that of a business, for—like it or not—the school financial operation is a small business. As such, good financial practice lends stability to the school operation as a whole.

The way schools receive and expend funds should be determined, in advance, through policies established by the governing organizations; e.g., the parish council, the school board, the diocesan central school office, etc. Having sound financial management policies established helps reduce confusion when questions arise during daily operations.

The examples in this chapter refer to three types of bookkeeping systems: double-entry bookkeeping, "one-write" systems, and computerized operations.

Specific focus is placed on the receipt of funds, their expenditure and investment. Some emphasis is placed on the receipt of funds other than tuition, e.g. parish subsidy, but the major focus is on the recording of tuition and fees from parents. Examples cover ordinary expenditures such as paying utility bills, bills from book companies, and ordinary payroll expenditures. The chapter includes a brief discussion of the use of a purchase order system, as well. The situations and transactions in this chapter are entirely fictitious. They are, however, close to reality to make them plausible in most school situations.

Receiving Funds—Tuition & Fees

General Premise—All *cash* received in daily financial operations should be receipted. A simple cash receipt book (with carbon copies readily obtainable from any business supply house) should be used. The following samples illustrate different situations involving the receipt of funds from parents for tuition and school fees:

SAMPLE A

Situation: Mrs. Ethel Jones, a parent at St. X's School, pays $20.00 toward her children's book fee. *She pays by cash.* The school secretary, Mrs. Atkinson, writes out a receipt as shown below:

SAINT X SCHOOL
123 FIRST STREET
ANYTOWN USA. 00000

DATE Oct 14, 19XX

RECEIVED OF Mrs. Ethel Jones $ 20.00

FOR Book Fee Payment

NO. 51

RECEIVED BY Jane Atkinson
(SIGNATURE)

The school secretary records the payment on the "family card" used by the school for each family's account as follows:

DATE	DETAIL	TUITION $1050	REG. FEE $40	BOOK FEE $50	BUS FEE $345 yr.	CRED.	BAL.
10/1/XX	Payment Cash			20.00		20.00	

In this example, the detail makes notation that the payment was made in cash, on 10/1/xx, for $20.00. The "family card" makes it easy to check, at a glance, the family's outstanding bill as well as the amount paid.

SAMPLE B

Situation: Mrs. Brown sends a *check* on 10/15/xx to the school for $199.50 along with a note that the money is to be applied to her account—with no indication as to *what part* of her account the money is to be applied.

General Premise—The school should have a policy which indicates to the secretary or bookkeeper how unspecified receipts are to be applied. *A Sample Policy Might Be As Follows:* In cases where unspecified funds are received from parents, application shall be made first, to all outstanding fee payments. Once fee payments have been satisfied, receipts shall be applied to outstanding tuition. *Note:* The exception of this case is the bus payment. Since this is a monthly fee, apply that portion of receipts which corresponds with the monthly charge. Returning to the example, the school secretary records Mrs. Brown's payment of $199.50 as follows:

BROWN — BAL FWD. $1585.00

DATE	DETAIL	TUITION $1050	REG. FEE $40	BOOK FEE $50	BUS FEE $345 yr.	CRED.	BAL
10/15/XX	Payment Ck. #124	75.00	40.00	50.00	34.50	199.50	1385.50

SAMPLE C

Situation: Mrs. Smith pays the school $200.00 *by check* on 10/1/xx. The secretary issues no receipt in this case since cash is not involved; she notes that the registration and book fees have been paid (as shown on the "family card" as illustrated below). She credits the payment to tuition and bus as follows:

SMITH — BAL. FWD. 1595

DATE	DETAIL	TUITION $1050	REG. FEE $40	BOOK FEE $50	BUS FEE $345 yr.	CRED.	BAL
9/7/XX	Payment Ck #318	810.50	40.00	50.00	34.50	229.50	1365.50
10/15/XX	Payment Ck #340	165.50	-PAID-	-PAID-	34.50	200.00	1165.50

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In each of the previous samples, checks received by the school are stamped "FOR DEPOSIT ONLY, ST. X's SCHOOL.

Handling Deposits

SAMPLE A

Situation. School receives the following checks on 10/21/xx:

FROM	AMOUNT
Mrs. Alfred Jones	$150.00
Mrs. Guy Soth	175.00
Mrs. Davido Lopez	80.00
St. X Parish Subsidy	$1000.00
TOTAL RECEIVED	$1405.00

In this case the total received as well as an itemization of checks would be marked for deposit on the bank's deposit slip. Deposit slip receipts from the bank should be retained to match monthly bank statements for reconciliation at the end of the month.

General Premise — Deposits should be taken to the bank on a frequent and regular basis. Keeping checks and cash on hand at the school for great lengths of time should be minimized.

Billing Parents

General Premise — Parents should be encouraged to make payments by check. In this instance, cancelled checks may serve as receipts. There are alternatives, however:

Alternative A: School sends quarterly statements informing parents of account balances.

Alternative B: School issues parents a payment booklet much the same as a car payment or mortgage payment booklet. When payments are being made, these are sent in to the school. *Note:* In this case also, the school issues no receipt.

Alternative C: School sends home a monthly statement showing amounts paid and balances due. (This may be a costly way of handling matters since postage could get expensive. This method, however, offers the greatest control of receipts.)

Reconciling Bank Statements

Most banks send statements relating to checking accounts once a month. These, together with any savings account statements, should be reconciled as soon as they are received.

Receiving Other Funds

During the school year, funds from sources other than from tuition and fee payments will be received. Some of these will be items received on a regular basis such as parish subsidy or other regular assessments. Each of these should be acknowledged in the school's "books" according to the type of fund being received. (See later discussion of Chart of Accounts). All receipts eventually need to be recorded in what is commonly known as a receipts journal.

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SAMPLE—CASH RECEIPTS JOURNAL

	REASON FOR RECEIPT OF MONEY	RECEIVED FROM	ACCT. NO.	AMOUNT
DATE	10/15/XX Tuition Payment Sally Smith	Sally Smith	8011	500.00
DATE	10/20/XX Home School Assoc	Dave Jones, Treas.	8031	1,000.00
DATE	10/25/XX Curric. Fees	John Doe	4147	600.00
			TOTAL	2,100.00

Note that the total amount ($2,100) should balance with the deposits made to the bank and as shown on the bank deposit slip.

When preparing financial statements using this type of journal, the account numbers would be used to determine the amounts of funds received in each category.

Expenditures

When using a double-entry bookkeeping system or a "one-write" system (or a computerized system) expenditures should be categorized according to the proper classification. Most bookkeeping operations will have a *Chart of Accounts* which shows expenses classified according to a predetermined set of definitions.

SAMPLE

ACCT. #	CHECK #	PAID TO	DATE	AMOUNT OF PAYMENT
2525	1027	GORDON BOOKS	11/12/xx	$200.00

"ONE-WRITE" SYSTEM

A "one-write" system would have the same type of entry except that the expenditure would be recorded in the journal at the same time that the check is written, eliminating the necessity of having to write it in a separate step. Using a "one-write" system, the payment of $200.00 to *Gordon Books* would be as follows:

ST. X'S SCHOOL
123 FIRST STREET
ANYTOWN, USA. 00000

NO. 1027

PAY TO THE ORDER OF Gordon Books

111 W. Anystreet
Any City USA 54210

Two Hundred $ 200.00

DATE 11/12/XX REF Rec'd ACCT NO 2525

Dr. Jane Smith
SIGNATURE

ANYTOWN BANK

Since most entries would be for checks that are applicable to one expense category, the check would be written for $200.00. By consulting the *Chart of Accounts* we know

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that the account number for instructional materials is 2525. The account card (#2525) would be underneath the check—thus the entry (through carbon paper) would carry through to the card and the Journal.

An example of an expense card used by the Catholic Diocese of Richmond using the "one-write" system of *Safeguard Business Systems, Inc.* is as follows:

ACCOUNT NAME Inst. Materials BUDGET AMOUNT 4,500 ACCOUNT NO 2525

BALANCE FORWARD 4,500.00

CHECK NUMBER	PAID TO	DATE	ACCT NO	NET AMT	ACCUM TOT
1354	Oahu Supplies	7/13/xx	2525	$145	145.00
1390	Instructors Aid	8/15/xx	2525	$600	745.00
1418	Gordon Books	11/12/xx	2525	$200	945.00

The card provides a quick reference tc the principal or anyone else wanting to know the amount of money spent to date in the categcry of Instructional Materials. From the example it can be readily seen that $945.00 was spent as of November 12, 19xx. It is possible, of course, that a $200 expenditure could apply to two expense categories—$100 to instructional materials (#2525) and $100 to textbooks (#1122). This would be indicated on the check as well as the two expense cards.

Further examples of the use of cards and the "one-write" system may be found in the Appendix.

DOUBLE ENTRY SYSTEM

A double-entry bookeeping system would accomplish the same purpose as shown below:

SAMPLE—JOURNAL

DATE	ACCOUNT # DEBITED	ACCOUNT # CREDITED	DEBIT AMOUNT	CREDIT AMOUNT
7/13/xx	2525		$145	
		Cash 1010		$145
8/15/xx	2525		$600	
		Cash 1010		$600
11/12/xx	2525		$200	
		Cash 1010		$200

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In addition to the *Journal* in the double-entry bookkeeping system, one would need to have a separate ledger listing all of the accounts used by the school. A partial example is shown below:

SHEET NO 1 ACCOUNT TITLE Ins. Materials ACCOUNT NO 2525

DATE	EXPLANATION	AMOUNT	DATE	EXPLANATION	AMOUNT
7/13/XX	Oasis Supplies Supt. Paper	$145			
8/15/XX	Instructors Aid 4 desks/chairs	$600			
11/22/XX	Gordon Books Reading Readers	$200			

Using the double-entry system, the third step in the process is to write the check, as shown below:

SAINT X SCHOOL
123 FIRST STREET
ANYTOWN, USA 00000

1418

Nov 12 19 83

PAY TO THE ORDER OF Gordon Books $ 200.00

Two Hundred and 00/00 DOLLARS

456723145 07

YOUR BANK
ANYTOWN USA 000000 MEMO Acct. #2525

Sister Jane Smith

Chart of Accounts

A *Chart of Accounts* is simply a listing of the categories to which receipts and expenditures will be classified. Use of a chart of accounts simplifies the daily operations for both the bookkeeper and the person responsible for authorizing expenditures or categorizing income items. Use of the chart of accounts also establishes a routine when dealing with these items. The chart reduces the need for repetitious questions to be asked of individuals who may be doing other things or who may not be present to respond. *The accounts which will be used by the school are usually pre-determined, generally during the budgeting process.* Once established, however, accounts may be added or deleted, depending upon the situation.

General Premises —Accounts should be added or deleted only at the close of the fiscal year. Once accounts have been established for use during a particular school year, it is unwise to add or delete during the middle of the current year.

The use of a chart of accounts, therefore, helps establish uniformity—which can be used as a basis for comparing sources of income and types of expenditures from one year to the next—this, in addition to the control factor already mentioned.

A good *Chart of Accounts* should contain the following:

1. Account Numbers
2. Account Titles (Names)
3. Account Definitions
4. An Index (for cross-reference purposes)

Businesses generally use *Charts of Accounts*. While the school chart of accounts will be slightly different because of the non-profit status, the concepts remain the same. The *Chart of Accounts* guides the expenditures and receipts during daily financial operations. Most income and expense items in a *Chart of Accounts* are categorized into larger groupings. These larger groupings are often called "categories" or "cost" or "income" centers. Regardless of the terminology used, the income and expenses of the elementary school should be "categorized."

Income Accounts

A typical elementary school chart of accounts might be classified according to the following:

0100 Series—Tuition
0200 Series—Subsidies From Parish(es)
0300 Series—Third Source Income
0400 Series—Fees/Sales/Student Activities
0500 Series—Transfer From Savings
0600 Series—Transfer From Capital Improvement Fund
0700 Series—Transfer From Scholarship Fund
0800 Series—Exchange Funds

Under each of the above, there would be separate income accounts. For illustration, the Tuition Series could be broken down into the following:

Account #	Name—Definition
0110-	***In-Parish Tuition***—Record in this account any current year's tuition received from parents who are parishioners or who are in parishes affiliated with the school.
0120-	***Out-of-Parish Tuition***—Record in this account any current year's tuition received from parents who are in parishes not affiliated with the school or who are not affiliated with any parish. Tuition received from parents who are non-Catholic are to be recorded in this account as well.
0140-	***Prior-Years' Tuition***—This account is to be used to record monies received from those who pay tuition from previous years.
0160-	***Contingency for Uncollectible Tuition***—This account is a planning account only and should not be used for anything except budgetary purposes during the budget-making process. It will always be a negative figure.

Parish Subsidy might be listed as follows:

0210-	***Parish Subsidy***—Record here any monies received from the parish as part or full payment of its subsidy to the parish school. Any payments of past due subsidy should also be recorded here as well.

Receipts from the Home/School Association would be classified under Third Source Funding (300 Series) as follows:

0310-	***Receipts from Home/School Association***—All monies received from the Home/School Association are to be recorded here.

Account #	Name—Definition

Another entry under Third Source Funding might be as follows:

0320- ***Donations, Gifts, Bequests*** —Money received from private individuals, organizations for which no repayment or special service to the contributors is expected and which is ear-marked for school operations should be recorded in this account.

The 0400 through 0900 series would be similarly classified with various types of income listed. *The theme throughout is that for each source of income there is a corresponding account number which is to be used whenever there is a transaction involving that particular item.* The numbers and series designations will vary from school to school. Not all accounts may be used by all schools if there is a diocesan *Chart of Accounts*. Only those which have direct applicability to the situation at hand will be considered.

Expense Accounts

For the *expense accounts,* categorization is even more crucial since the school may have many more different types of expenditures than income items. *Expense Accounts*, as an example, might be classified under the following major Series:

1000 Series—Instruction
1200 Series—Administration
1300 Series—Operation & Maintenance of Facilities
1400 Series—Faculty Residence
1500 Series—Fixed Charges
1600 Series—Health Services
1700 Series—Capital Outlay—Improvements, Replacements, New & Additions
1800 Series—Cafeteria
1900 Series—Debt Service
2000 Series—Pupil Transportation Services

These are presented only as a partial example; there may be others. Following are examples of *some* accounts which may fall under a few of the series:

Account #	Name—Definition

1101- ***Religious Professional Personnel*** —Charge to this account any salaries paid to religious personnel engaged in teaching, guidance, library, administration, etc.

1103- ***Lay Professional Personnel*** —Charge to this account any salaries paid to lay personnel engaged in teaching, guidance, library, administration, etc.

1105- ***Substitute Teachers*** —Record in this account any salaries paid to substitute teachers.

1122- ***Textbooks*** —Record in this account any expenditures for textbooks used in relation to instruction. *Note:* Use this account only if textbooks *are not being rented or sold to students*. See Account Number 2301 if textbooks are being sold or rented to students.

1203- ***Salaries/Office*** —All salaries for secretaries, bookkeepers, and other personnel engaged in the general business administration of the school should be recorded here. *Note:* This account does not refer to salaries paid to administrators. Administrative salaries should be recorded in either Account #1101 or Account #1103, whichever is appropriate.

Account #	Name—Definition
1205-	*Office Materials and Supplies*—Amounts disbursed for office materials and supplies such as carbon paper, office books and stationery, office paper, forms ordered from printers for use in basic school functions, as well as pens, pencils, typewriter ribbons, etc., should be recorded here.
1301-	*Maintenance Salaries*—Charge to this account the gross salaries of plant engineers, custodians, janitors, or others who care for school buildings and grounds. *Note: Do Not* include fees paid for contracted custodial services with maintenance companies—See Account #1359.

The 1400 through 2000 Series would be similarly coded with explanations as illustrated. The use of accounts and numbers in the chart of accounts take place during the daily operations of the school accounting system. Ideally, an index would be provided for the chart of accounts for easy categorization of both income and expense items. An index may be especially useful if an item may be classified in more than one category. A partial index is illustrated as follows:

ITEM	ACCOUNT NUMBER	PAGE
Accounting Services	1235	10
Administrative Publications	1225	10
Advertising	1250	11
Annual Reports	1225	10
Assembly Programs	1146	9
Athletic Expenses	2130	16
Boilers (See Furnace)		
Bulletin Boards (Purchase)	1710	14
Computers:		
Administrative:		
Hardware	1710	14
Software	1205	10
Instructional:		
Hardware	1710	14
Software	1125	9
*Duplicating:		
Machines:		
Purchase of	1710	14
Rental of	1259	11
*Paper:	1125; 1205	9; 10

*Items with more than one (1) account listing should be verified in the *Chart of Accounts* prior to categorization.

Editor's Note: A complete sample Chart of Accounts appears as Appendix A of Chapter 2.

Short-Term Investments

Mrs. Smith, principal of St. Y's School, was very proud that she had been able to maintain the school's checkbook at an average $7,000 balance throughout the 19xx fiscal year. When asked if this money was in a "regular" checking account, she responded in the affirmative. While a commendation would be in order for the excellent checkbook balance, the school principal could have done better by having had the funds in an interest-bearing checking account. Most commercial banks offer such accounts today. For simplicity's sake, the $7,000 average balance could have been earning the school approximately $385—without interest compounding.

It is recognized that most schools do not have a great deal of surplus funds on hand. Nevertheless, there may be times during the school year when funds may be more plentiful than others. Whatever the source of funds—registration funds, capital improvement funds, pre-paid tuition (discussed elsewhere in this publication), donations, fees for books and curriculum charges, etc., the theme is that these funds should be put to work earning interest. Any creative way of investing funds, in turn, helps reduce the costs of operation, and thus helps parents in their tuition bill. This is one of the advantages of the pre-paid tuition concept, which allows the school to have larger sums of surplus funds available for investment. Even without prepaid tuition, unless the school is in financial difficulty, there should be *some* funds available for short-term investment.

Important to remember are the concepts of *liquidity* and *investment protection*. Most schools cannot afford to tie up funds for long periods of time. Thus, the investment opportunity must allow the school to have ready access to the money when needed, not at the convenience of the lending institution. For surplus funds under $10,000 there are two possible types of investments: 1) Commercial Money Market Transaction Accounts and 2) Regular Commercial Checking Accounts. The Commercial Money Market Transaction Account currently yields moderate interest on investments up to $19,999. For investments over $20,000 the yield is minimally higher. Realizing that the rates will vary according to time, a call to the school's local bank can determine the rate. The Commercial Money Market Transaction Account is protected by the Federal Deposit Insurance Corporation, up to $100,000. A disadvantage to the money market transaction account is that most banks have service charges associated with the account. Most of these relate to the amount on deposit. Again, the type of charges can be readily determined by a simple phone call to the bank.

Regular Commercial Checking Accounts require a $10,000 minimum deposit. These operate through instruments known as Repurchase Agreements which are secured by the U.S. Government. These accounts usually pay a low rate of interest, but they have low risk associated with them also. The advantage of using a Regular Commercial Checking Account is daily liquidity—meaning that the money is available immediately—an important item of consideration for schools.

Should the school be in a position to have greater sums of surplus funds, Master Note Investment instruments are available through commercial lending institutions. For the most part, however, these require minimums of $25,000. These do pay anywhere from 1 to 1-3/4% higher return than Commercial Checking or Commercial Money Market notes.

A fourth type of investment which might be considered are the 6-month savings certificates available from banks and savings & loan institutions. While these pay even higher rates of return on a $10,000 investment, the obvious disadvantage is that the liquidity factor is reduced.

Common and preferred stocks and bonds of all types are not recommended for investment by Catholic elementary schools. The major reason for not recommending these is the high risk involved plus the liquidity factor. While it is prudent to invest

surplus funds to earn interest for the school, obviously the average school cannot afford to take the higher risks associated with these other types of investments.

An often over-looked source of funds for a school comes from vendors, book-salesmen, and other companies from whom the school makes its purchases. This is the form of the 2 and sometimes 3% discount offered by these companies if bills are paid within a certain time frame—generally 30 to 90 days after the bill has been issued. Good financial management combined with control over cash flow will allow the school to take advantage of these "vendor" discounts. Over a period of a school year, savings could be accrued which reduce costs.

Purchase Orders & Bill Payment

Available commercially from a number of suppliers, purchase order forms can save the school a number of headaches. Most of these are 3-part forms available from the nearest business supply house. Purchase order forms help to control the expenditure of funds and also aid in identifying orders when they arrive at the school door—especially if it is in the middle of the summer when few persons are on duty. Most purchase order forms have the following information:

A. School name and address
B. Name of the person ordering the material
C. Place for the signature of the person authorizing the order
D. Description of the item being ordered
E. The quantity being ordered
F. The price
G. The purchase order number

Most, if not all, vendors will include on the bill the school's purchase order number. When the delivery arrives it becomes easy for the person receiving the order to match the number on the invoice with the copy of the original purchase order retained in the school's office. Since the person ordering the material (teacher, janitor) also retains a copy, that person can also aid in the identification process by checking to see if all items ordered have arrived. Once the merchandise received is checked against that which has been ordered, an OK is sent to the bookkeeper to allow payment of the invoice.

The use of purchase orders also helps in the control of the school budget. They provide a record of items ordered. Once a purchase order system is initiated, it is important to remember that *all* items being ordered by the school—for whatever reason—be accompanied by a *purchase order number*. The question often arises about telephone orders: for example, the school secretary needs a few typewriter ribbons and other office supplies; it is inconvenient to mail a purchase order. What should happen if a purchase order system is in operation at the school, given this situation? The secretary may phone in the order and give the vendor a *purchase order number*—from one she has in front of her and which she quickly completes. Thus, when the invoice arrives with the merchandise a few days later, the order can be readily identified.

The successful purchase order system will be the one established with the policy that *all* orders, large or small, must be accompanied by a purchase order number. Regular school suppliers can be alerted through the use of a form letter that they are to accept no orders from the school unless the order is accompanied with a purchase order number. Purchase orders may also be useful when dealing with certain unscrupulous businesses which ship unordered items to the school. Such businesses have been known to ship pens, janitorial supplies, etc., hoping that the school—once the materials are received—will pay for these items. Unfortunately, they are often success-

ful, especially in larger schools where it is sometimes difficult to determine who ordered a particular item, or if the school has no policy controlling the ordering of materials. Once a purchase order system has been placed into operation, items arriving at the school without the accompanying purchase order number should be returned to the vendor.

Bill Payment — The persons responsible for bill payment should establish some type of regular routine. An established routine will help the school take advantage of any vendor discounts and, more importantly, it will aid in the control of actual school expenditures. A good reason for establishing a "bill paying day" is that the school can have a better control over the amount of money in its checking account, especially if minimum balances must be maintained in order to avoid service charges.

Rationale for Daily Financial Operations

As stated earlier, daily financial operations will determine how well the school is able to keep within its budget and long-range forecast. School resources are limited, for the most part. As such, they must be handled with good financial management. Both the income and expense side must be considered. If the here and now is prudently handled, then the school can turn to long range planning with a more secure feeling.

The day is fast approaching when schools will become more and more responsible for their financial operations. The daily financial operation is a crucial key in good financial management. Good daily financial operations are important for the preparation of realistic and sound financial statements. Without accurate financial statements, budgeting and long-range planning becomes haphazard at best. The preparation of financial statements, thus, will be dependent upon the accuracy of the daily financial operation.

Some further guidelines which Catholic elementary schools should consider as part of daily financial operations are as follows:

A. All persons who handle money should be bonded. (Bonding protects the school should financial mismanagement occur.)

B. All school savings and checking accounts should have more than one person's signature required for signing checks or withdrawing of funds. (A principal-pastor, principal-teacher, principal-bookkeeper combination may be a consideration.) By having more than one person required for signing checks, there is a reduction of the possibility of mismanagement. To set this up, the school may have three persons named as "authorized persons" on the card which is required by all banks. In actual daily operations, one of these persons may not be available to sign checks (i.e., the pastor is away). The other two parties can sign the checks. This is offered as suggestion only. Diocesan policy, if it exists, should set the criterion.

C. The actual daily financial "set-up" should be good enough to allow for the preparation of the following types of information:

1. Cost per pupil
2. Revenues and expenses incurred for a given time period
3. Comparison of actual revenues and expenses with budgeted amounts

The main themes of the section on daily financial operation are:

1. Simplicity
2. Accuracy
3. Comparability (when financial statements are prepared)
4. Control of revenues and expenditures
5. Accountability

A Note About Computers

With the proliferation of micro-computers, many companies have developed software packages which are designed to aid the school in its daily financial operation. Rather than detail these here, it is recommended that software packages be checked against the school's individual needs. When selecting software for accounting needs, a package should be selected which will be compatible with the school's expectations and diocesan guidelines. It should be remembered, however, that the computer's output is only as good as the input—meaning that certain elements of the accounting system will remain the same—regardless of computerization.

ACKNOWLEDGEMENTS

The following organizations and individuals contributed to the section on Daily Financial Operations, either with direct comments or by providing material assistance:

Special thanks is given to **Safeguard Business Systems, Inc.** for their permission to use specific examples from their "one-write" accounting system and for their development of the samples shown in the Appendix of this chapter:

Mr. Larry Scwartz, Director of Advertising

Ms. Christina Johnson, Director of Manual Systems

Additional thanks is given to Mr. Sam Dalton, **Safeguard Business Systems**, Richmond, Virginia.

Acknowledgement is also made to the **Catholic Diocese of Richmond** for allowing use of sample material from *Financial Management Systems for Catholic Elementary Schools in the Catholic Diocese of Richmond*.

Mr. Elam C. Toone, III, **F&M Bank**, Richmond, Virginia is also thanked for comments on investments.

Appendix

The samples contained in this appendix were developed as an illustration of a "one-write" bookkeeping system from:

Safeguard Business Systems, Inc.
400 Maryland Drive
P.O. Box 6000
Fort Washington,
Pennsylvania 19034

YEAR 19XX-XX

NAME Mr. & Mrs. Jonathan Jones — HOME PHONE (804) 266-1245 — PUPIL'S NAME: Billy — GRADE: 2 — TUITION: $600

ADDRESS 134 N. 45th St. — OFFICE PHONE (804) 780-9875 — Jamie — 1 — $450

IN CASE OF EMERGENCY PLEASE CONTACT Mrs. Ralph Smith — PHONE (804) 781-5987

2456 Wyoming St.

TOTAL TRANSPORTATION $345 — TOTAL TUITION $1050

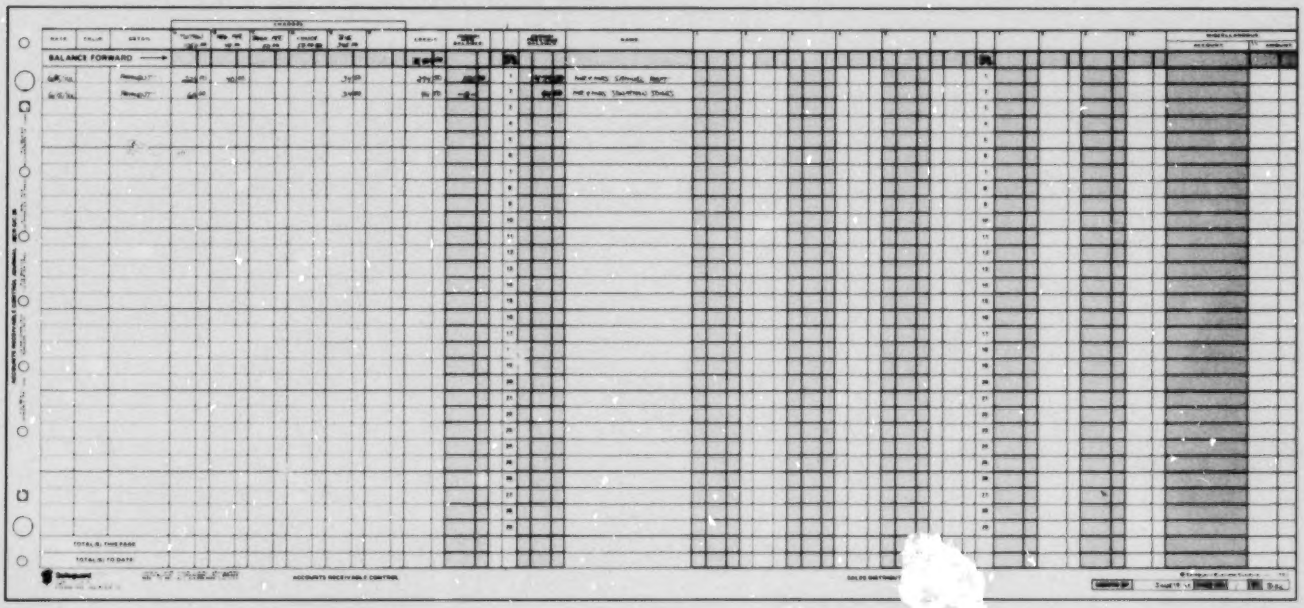
BALANCE FORWARD → 1585 00

DATE	FOLIO	DETAIL	A TUITION $1050	B REG FEE $ 40	C BOOK FEE $ 50	D LUNCH $5¢ EA	E BUS $345	F	CREDIT	BALANCE
9/7/XX		PAYMENT	105 00	40 00	5 00	15 00	34 50		199 50	1385 50
10/9/XX		PAYMENT	105 00	PAID	25 00	30 00	34 50		194 50	1191 00
11/5/XX		PAYMENT	210 00		15 00	40 00	34 50		299 50	891 50
12/15/XX		PAYMENT	105 00		5 00	15 00	34 50		159 50	732 00
1/10/XX		PAYMENT	25 00		PAID	PAID	34 50		109 50	622 50
3/12/XX		PAYMENT	105 00				34 50		139 50	483 00
3/9/XX		PAYMENT	120 00				34 50		154 50	328 50
4/2/XX		PAYMENT	105 00				34 50		139 50	189 00
5/6/XX		PAYMENT	60 00				34 50		94 50	94 50
6/15/XX		PAYMENT	60 00				34 50		94 50	-0-

Safeguard — FORM NO. ARL - DOR SCHOOL 1641 I C — ACCOUNTS RECEIVABLE

SAMPLE A—SAMPLE ACCOUNTS RECEIVABLE CARD (family card)

SAMPLE B—SAMPLE CASH RECEIPTS JOURNAL (showing income)



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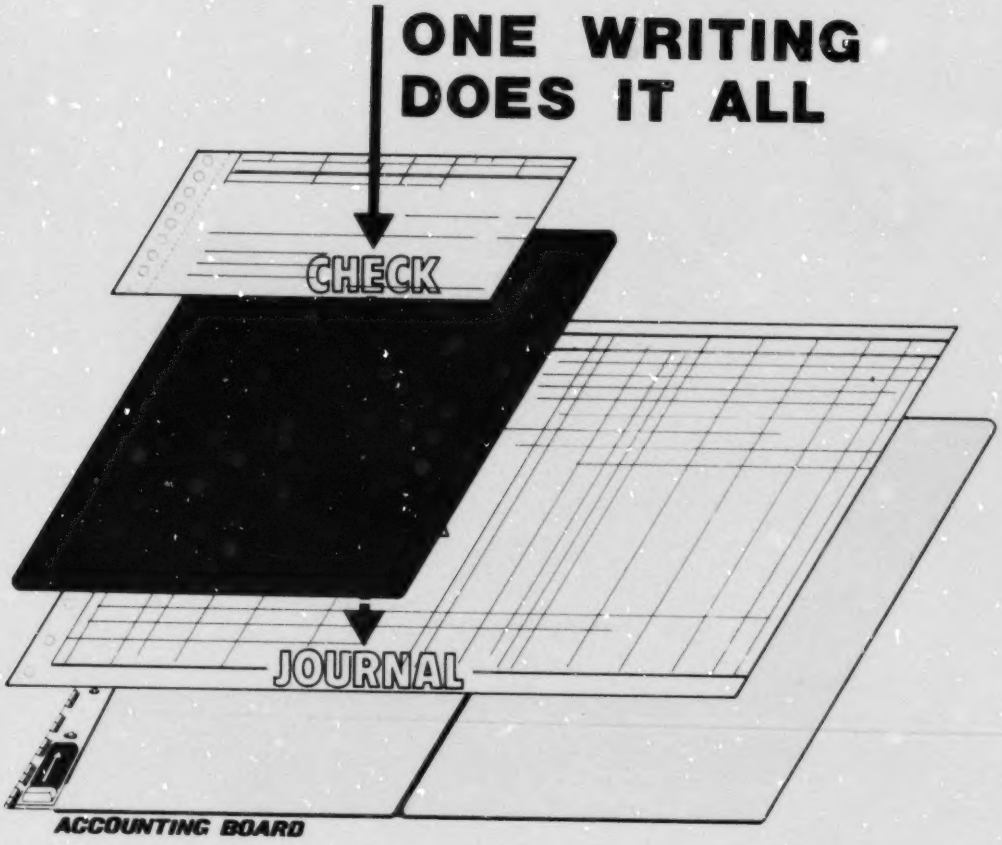


SAMPLE C—ONE-WRITE SYSTEM (showing check, ledger, journal operation)

SAMPLE D—SAMPLE SCHOOL CHECK (regular checking account)

ORDER FROM YOUR LOCAL SAFEGUARD DISTRIBUTOR. IF UNKNOWN, CALL 800 523-2422 IN PA. CALL 215 699-3544 COLLECT

DATE	INVOICE	AMOUNT	

12 345
678

1861

SAINT X SCHOOL
123 FIRST STREET
ANYTOWN, U.S.A. 00000

PAY _____ DOLLARS

CHECK NO.	TO THE ORDER OF	DATE	REFERENCE	ACCT. NO.	CHECK AMOUNT
1861	DABIS PAPER, INC.	5/20/xx	(misc.)	1205	81 13

YOUR BANK AND TRUST COMPANY
YOUR CITY AND STATE

AUTHORIZED SIGNATURE

⑆067870345⑆ 2345⑈678 9⑈

BEST COPY

ACCOUNT NAME Office Materials & Supplies — BUDGET AMOUNT $1500.00 — CARD NO 1 — ACCOUNT NO 1205

BALANCE FORWARD → 1,506.06

CHECK NUMBER	PAID TO	DATE		ACCOUNT NUMBER	NET AMOUNT	ACCUMULATED TOTAL
1345	ACME BUSINESS SUPPLY COMPANY	7/8/XX	(RIBBONS)	1205	72.95	72.95
1387	DABIS PAPER, INC	8/5/XX	(MISC)	1205	182.45	255.40
1455	DABIS PAPER, INC	8/24/XX	(PAPER)*	1205	280.00	455.40
	(* this was a split bill - $345 was charged to Acct. 1125 - Instructional Materials)					
1498	ACME BUSINESS SUPPLY COMPANY	9/15/XX	(MISC)	1205	123.45	578.85
1523	SAINT X SCHOOL	9/22/XX	(FORMS)	1205	98.50	677.35
1561	HUTAN PRINTING COMPANY	10/14/XX	(PRINTING)	1205	175.41	852.76
1619	ACME BUSINESS SUPPLY COMPANY	1/18/XX	(RIBBONS)	1205	75.22	927.98
1700	DABIS PAPER COMPANY	2/14/XX	(PAPER)*	1205	225.00	1,152.98
	(* this was a split bill - $355.92 was charged to Acct. 1125 - Instructional Materials)					
1749	PHILADELPHIA BUSINESS SUPPLY COMPANY	3/3/XX	(PENS, ETC.)	1205	34.56	1,187.54
1796	HANDY HARDWARE CONFECTIONERY COMPANY	4/2/XX	(SUPPLIES)*	1205	114.57	1,302.11
	(* this was a split bill - $88.44 was charged to Acct. 1245 - Fund Raising Expense)					
1802	UNICE DRUG STORE	4/5/XX	(SHARPENER)	1205	13.50	1,315.61
1855	ACME BUSINESS SUPPLY COMPANY	5/15/XX	(RIBBONS)	1205	45.00	1,360.06
1861	DABIS PAPER, INC.	5/20/XX	(MISC)	1205	81.03	1,441.21
	END OF FISCAL YEAR TOTAL EXPENSE FOR THIS ACCOUNT →					1,441.21
	CLOSED AS OF 6/30/XX					

Safeguard — FORM NO. LT6412C — SAINT X SCHOOL

SAMPLE E—SAMPLE LEDGER CARD (office materials and supplies)

SAMPLE F—SAMPLE LEDGER CARD (instructional materials)

ACCOUNT NAME Instructional Materials — BUDGET AMOUNT $5,500 — CARD NO 1 — ACCOUNT NO 1125

BALANCE FORWARD → 5,000.00

CHECK NUMBER	PAID TO	DATE		ACCOUNT NUMBER	NET AMOUNT	ACCUMULATED TOTAL
1346	DAETON BOOK COMPANY	7/8/XX	READING TEXTBOOKS	1125	455.00	455.00
1384	SMITH PUBLISHING COMPANY	8/5/XX	MATH TEXTBOOKS	1125	630.90	1,085.90
1455	DABIS PAPER COMPANY	8/24/XX	PAPER*	1125	345.00	1,430.90
	(* this was a split bill - $200.00 was charged to Acct. 1205 - Office Materials & Supplies)					
1498	DAETON BOOK COMPANY	9/15/XX	ENGLISH TEXTS	1125	998.42	2,429.32
1563	SMITH PUBLISHING COMPANY	10/14/XX	SPELLING TEXTS	1125	235.00	2,664.32
1700	DABIS PAPER COMPANY	2/14/XX	PAPER*	1125	355.92	3,020.24
	(* this was a split bill - $225.00 was charged to Acct. 1205 - Office Materials & Supplies)					

Safeguard — FORM NO. LT6412C — SAINT X SCHOOL

BEST COPY

ACCOUNT NAME Fund-Raising Expense BUDGET AMOUNT $600.00

CARD NO 1 ACCOUNT NO 1245

CHECK NUMBER	PAID TO	DATE		ACCOUNT NUMBER	NET AMOUNT	BALANCE FORWARD → / ACCUMULATED TOTAL	
							600 00
1420	SUNDRY FUND-RAISING COMPANY	8/10/XX	RAFFLE PRIZES	1245	390.00		390 00
1620	SUNDRY FUND-RAISING COMPANY	11/15/XX	BINGO SUPPLIES	1245	118.00		508 00
1796	HANDY HARDWARE CONSIGNMENT COMPANY	4/2/XX	MISC.*	1245	98.44		606 44
	(* this was a split bill - $345 was charged to Acct. 1205 - Office Materials & Supplies)						
	END OF FISCAL YEAR TOTAL EXPENSE FOR THIS ACCOUNT---						606 44

Safeguard
FORM NO. L16412C

SAINT X SCHOOL

SAMPLE G—SAMPLE LEDGER CARD (fund-raising expense)

SAMPLE H—SAMPLE PAYROLL CHECK (payroll account)

PAY PERIOD ENDING	REG	O T	REGULAR EARNINGS	OVER-TIME		TOTAL PAY	INCOME TAX	SOC. SEC.	STATE TAX	HOSP.			NET PAY	EMPLOYEE'S NAME
	TIME WORKED		YOU EARNED THIS AMOUNT $				AND WE HAVE DEDUCTED THE ABOVE AMOUNTS FOR YOU							

EMPLOYEES PAY STATEMENT—DETACH AND RETAIN FOR YOUR RECORDS

SAINT X SCHOOL – ANYTOWN, U.S.A. 00000

Form CK - 46 N

ORDER FORMS FROM YOUR LOCAL SAFEGUARD DISTRIBUTOR IF UNKNOWN, CALL 800-323-8822 IN PA CALL 215-699-7864 COLLECT

SAINT X SCHOOL
123 FIRST STREET
ANYTOWN, U.S.A. 00000

PAYROLL CHECK

12-345
678

0700 P

_____ 19 ___

PAY _____ Dollars $ _____

TO THE ORDER OF

_____

_____

_____

YOUR BANK AND TRUST COMPANY
YOUR CITY AND STATE

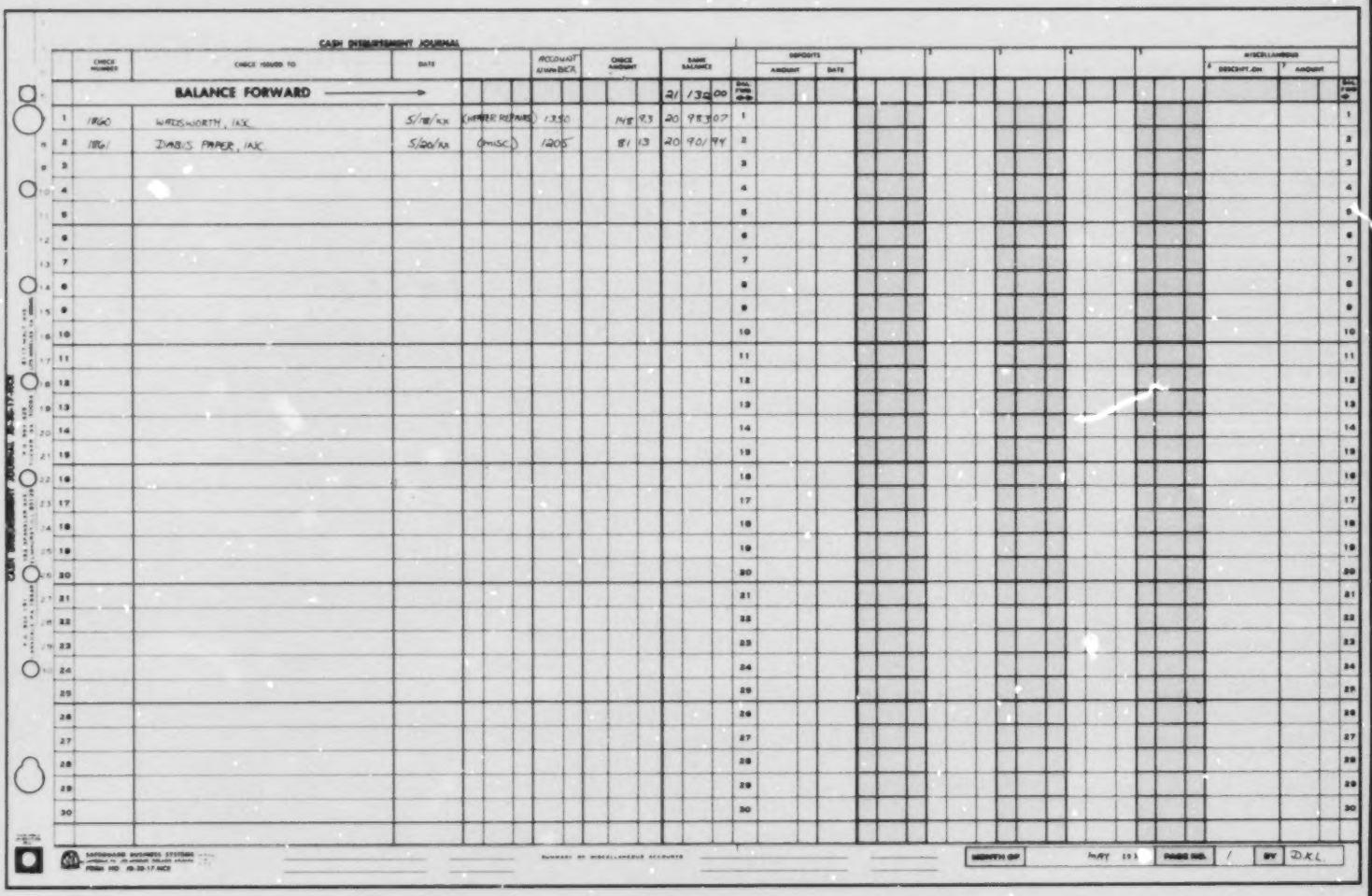
_____

AUTHORIZED SIGNATURE

⑆067870345⑆ 2345⑈678 9⑈

BEST COPY

SAMPLE 1—SAMPLE CASH DISBURSEMENT JOURNAL



CASH DISBURSEMENT JOURNAL

CHECK NUMBER	CHECK ISSUED TO	DATE		ACCOUNT NUMBER	CHECK AMOUNT	BANK BALANCE	DEP. POST
	BALANCE FORWARD →					21 132 00	
1 1160	WHEELSWORTH, INC.	5/18/XX	(REPAIR REPAIR)	1350	148 93	20 983 07	1
2 1161	DIABLO PAPER, INC.	5/20/XX	(MISC.)	1205	81 13	20 901 94	2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22							22
23							23
24							24
25							25
26							26
27							27
28							28
29							29
30							30

DEPOSITS: AMOUNT | DATE

1 | 2 | 3 | 4 | 5

MISCELLANEOUS: 6 DESCRIPT. ON | 7 AMOUNT

SUMMARY OF MISCELLANEOUS ACCOUNTS

MONTH OF MAY 19XX | PAGE NO. 1 | BY D.K.L.

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Chapter 2

THE ANNUAL BUDGET

by Richard J. Burke

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Introduction

Budgeting is the key to financial control. In other areas, the process might be called, "model building." Both terms connote the same objective; that is, the simulation of operating results, given certain assumptions and conditions. Proper budgeting requires care, thought and adequate information. It involves a number of areas indirectly related to finances including philosophy, mission statement, organizational structure, communications and reporting. The budget process positions the school board and administration to tailor spending priorities and to support the school's philosophy and mission statement.

The budgeting process should begin with a clear understanding, on the part of both the school board members and the administration, of the philosophy and mission statement of the school. Priorities, usually established in a five-year planning process (See Chapter on Long-Range Planning), should be articulated by the school board in advance of the annual budgeting process. Based on those priorities, the school administrator should establish the initial expenditure budget. Expenditure budgets should be considered not only in terms of total dollars to be spent, but also in terms of the cost-per-pupil in relation to schools of similar size and structure, both on a diocesan and on a national level.

With expenditure budget established, an income budget should be planned by the administration, with the participation of the pastor. Careful attention must be paid to the financing mix as well as the relationships among parish support, tuition, fees and assessments, fund raising and development. The preliminary budget should be reviewed and eventually approved by the school board. It cannot be stressed too strongly at the outset, that the annual operating budget should be reflective of, and based on, the school's philosophy, mission statement and five-year plan.

In order to prepare an effective annual operating budget, school board members and administrators must rely on an effective bookkeeping system. Such a system usually requires the separation of school and church accounts. It records cash receipts and cash disbursements on a daily basis. An effective bookkeeping system also provides receipt and disbursement summaries on a monthly basis.

Reasons for Effective Bookkeeping and Budgeting

Writing in the August, 1982 issue of *Management Accounting*, two certified public accountants seriously questioned church accounting practices. In an article entitled, "Closing the GAAP in Church Accounting," Terry L. Arndt, CPA, Ph.D., and Richard W. Jones, CPA, Ph.D., said in part, "It's time for houses of worship to cast aside their haphazard budgetary techniques in favor of proper financial management procedures". They went on to challenge not only budgetary techniques, but bookkeeping, accounting and financial reporting procedures as well. Catholic school administrators would do well to follow their recommendations.

An effective bookkeeping and budgeting system is needed in every parish elementary school for the following reasons:

- To insure orderly financial management, displaying income and expenses in such a way as to focus attention on program priorities;
- To provide financial information to administrators, school board members and diocesan departments in a consistent, easy-to-understand and easy-to-use format; and
- To provide assurance to the school's many publics that the school administration is responsible and is exercising good stewardship.

Preparing the Annual Budget

Annual operating budgets should be prepared by the school administration, with participation of the pastor and school board. The final budget should be approved by the board in time to sign teacher contracts and set tuition rates for the upcoming year. It is generally recommended that the budget development process be completed by April 30 for a budget to become effective July 1.

Shown below are some general guidelines which should be observed during the budget preparation process.

- Budget figures should be realistic and not "padded." A contingency account should be established to meet unanticipated expenses.
- Make realistic allowances for inflation.
- The budget format should follow the standard "Chart of Accounts." (see Appendix A)
- Projected expenses should have supporting documentation to justify the planned expenditure.
- Projected income items should have a supporting plan to insure that the income can, in fact, be realized.
- The budget should reflect the priorities of the board and administration. New programs or expanded programs should not be forced into a pre-established budget.
- Budget carefully for all expenditure items. Budgeted figures should be based on actual expectations using the most recent expenditure data. Avoid basing line item budgets on the prior year's budgets.

The following points outline the budget development process for a parish elementary school. It is important that these steps be followed sequentially in an effort to provide for an orderly preparation and to insure as broad a participation as possible.

Month	Person Responsible—Task
July	*Principal with monthly monitoring by school board*—Begin implementation of current year's budget.
August	No budgeting activity.
September (and each succeeding month)	*Principal and School Board*—Board reviews monthly and year-to-date actual performance against budget.
October	*School Board's long-range plan committee*—Five-year plan is updated by long-range plan committee of the school board. New assumptions are presented to the budget development committee no later than December.
	Principal/School Board; School Board budget or finance committee—Principal convenes budget planning committee for review of basic assumptions set forth in the long-range plan.
December	*Principal/School Board finance committee*—Begin actual preparation of annual budget based on revised long-range plan.
	Principal presents school board finance committee members with budget preparation forms and "Charts of Accounts." Responsibility for various sections of the budget are assigned.
	Assumptions are developed by administration in the areas of enrollment and staffing, to be presented to committee in January.
January	*Principal*—Finalize enrollment and staffing assumptions, including salary schedules and fringe benefits.

Month	Person Responsible—Task
	Principal—Back-up forms should be used detailing faculty by name, grade taught, salary base, and additional information.
	Principal—Distribute budget request information to faculty for use in preparing textbook, supply, and departmental requests.
February	*Principal and School Board finance committee*—Develop line-by-line expenditure budget using faculty and departmental requests, as well as assumptions built into long-range plan.
	List all salary costs, including fixed charges and fringe benefits. This will be the largest single expenditure in the operating budget. It should be refined and finalized at this point.
	Building repairs and improvements should be detailed for the operating budget from the five-year plan. The finance committee should review the priorities established for repairs and maintenance.
March	*Principal and School Board finance committee*—Develop line-by-line income assumptions including tuitions, fund raising, parish subsidy and development income.

It is essential that each of the income accounts mentioned above have a back-up form prepared showing how the income will be achieved. The back-up forms should show all formulas, calculations and projects used in deriving the income total.

Assumptions for tuition and/or fee increases should be clearly stated since they will need to be presented to the full school board for approval along with the completed budget.

With the income assumptions completed, the school board's finance committee will meet with the administration to review the preliminary budget. It is essential that efforts be made at this point to balance the budget, with income equalling or exceeding expenditures.

If expenditures exceed income, the administration should make recommendations for expenditure cuts, and/or adjustments for investment opportunities (see Long-Range Plan Chapter) and/or increased income.

Month	Person Responsible—Task
April	*Principal and School Board finance committee*—Present tentative budget to the school board for approval.
	Back up information on specific income should also be provided to the board, particularly in the areas of tuition and fund raising.
May	*Principal*—Calendarize budget for control purposes and develop a monthly cash flow. (see Appendix C)
June	*Principal*—Publish budget in annual report.

The Chart of Accounts and Budget Preparation

With regard to the line items presented in the budget, the cardinal rule is consistency. That is, financial reports should, as much as possible, be prepared in similar, if not identical, formats from one year to the next. Line items of revenue and expense should be identified by clearly understandable, descriptive titles. This series of line items is called the "Chart of Accounts." It is generally recommended that revenue items be segmented into categories of tuition, fees and assessments, subsidies, parent and student fund-raising activities, formal development programs and contributed services. Some provision should also be made for miscellaneous income. Expenditure categories should be sub-totaled in order to provide the reader with an overview of at least the following: administrative costs, instructional costs, library costs, operational costs (plant and facilities), convent costs, fixed costs and capital expenditures.

A sample Chart of Accounts is included as "Appendix A." A sample financial report is included as "Appendix B."

Budget Reporting

With an effective budget developed, it is important that the budget be reported to the various publics with which the school deals. One of the best vehicles for such reporting is the annual report.

The annual report, as the name suggests, should be published each year, following the close of the school year. Effective annual reports are usually published in booklet form, and contain not only financial information. The annual report should include the school's goals and objectives which were established for the preceding year, along with a detail of activities which took place in an effort to meet those objectives. Goals and objectives for the upcoming year should also be outlined in the annual report. The report should detail what new resources will be required to meet those goals and objectives.

Financially, the annual report should present the budget prepared at the beginning of the preceding year, along with the actual income and expenses shown in comparison to that budget. The budget for the upcoming year should be presented and shown in juxtaposition to the prior year's budget.

In developing its own list of publics, a school would want to make annual reports available to at least the following:

- Pastor and parish priest
- Pastors and priests of neighboring parishes served by the school
- Members of the parish council
- Parishioners
- Parents
- Diocesan educational officials
- Individual and business donors
- Agencies and foundations making grants to the school

Budget Format

Catholic elementary school financial reports which are intended for publication and use by various publics, should be designed to reflect as much professionalism as possible. Specifically, the Catholic school financial reports at year-end should be prepared with five columns. A sample columnar format is shown below.

(1)	(2)	(3)	(4)	(5)
1984-85 Actual	1984-85 Plan	Fav/(Unfav) to Plan	1985-86 Plan	$ Amount of Increase/(Decrease) from 1984-85 Actual
		(Col. 1 minus Col. 2)		*(Col. 4 minus Col. 1)*

As shown on page 25, the first column is designed to show actual income and expenses, while the second column shows income and expenses as they were budgeted prior to the beginning of the school year. The third column reflects the variances between the line items in the planned budget and the actual budget. The fourth column is designed to provide the reader with budget information for the upcoming year, while the fifth column is designed to show changes between actual revenues and expenses, and those budgeted for the following year.

Calendarized Budget and Cash Flow

Cash management may be defined as the ability to track and control changes in cash position due to the generation of income or expenses. Since effective cash management is essential in the Catholic elementary school, the annual operating budget should be used as a control document. Not only should the control document prove useful to the school's principal on a regular basis, but the air of control that it represents should prove extremely useful in the school's development efforts. Potential funding sources will be impressed by solid financial control and adequate reporting to publics served.

Preparation of a calendarized budget is the most effective way of achieving a monthly control document. Development of a calendarized budget for both income and expense will allow school administrators to develop a monthly cash flow using the techniques described below. The purpose of a cash flow projection is to insure that the projected income for each month will cover expenditures for that month.

The following is a detail of specific tasks to be handled by pastors, principals and bookkeepers as a calendarized budget and cash flow system is implemented.

PASTOR

- Participate in the budget development process with the principal and appropriate committee
- Secure the services of an accountant to prepare the calendarized (non-linear) budget and cash flow system to cover the fiscal year.
- Review the calendarized budget in detail and approve the cash flow.
- Review the self-audit statements, on a monthly basis with the principal and bookkeeper.

PRINCIPAL

- Participate in the budget development process with the pastor and appropriate committee.
- Provide input to the accountant with regard to the preparation of the calendarized budget.
- Review the calendarized budget in detail.
- Approve all invoices prior to payment.
- Make spending adjustments as necessary.
- Review and analyze the monthly self-audit statements.

BOOKKEEPER

- Provide input to the accountant with regard to the preparation of the calendarized budget.
- Review the calendarized budget in detail.
- Maintain the checking account, cash receipts journal, and cash disbursements journal accurately.

- At the end of the month, close the books of original entry and reconcile the checking account with the bank statement.
- Reconcile the checking account with the cash receipts and cash disbursements journals.
- Complete the monthly self-analysis statement, transferring the actual income and expenses from the cash receipts and cash disbursements journals to the monthly self-analysis statement.
- With the monthly information transferred and balanced, complete the year-to-date section of monthly self-analysis statement.
- Copy the monthly self-analysis statement for the pastor, principal and accountant.
- Retain a copy of the monthly self-analysis statement with the appropriate notations to assist in the refinement of the calendarized budget for the next year.

Additional information concerning the calendarized budget and cash flow system for schools can be obtained in the December, 1978 issue of *Momentum*, the NCEA journal.

Shown in Appendix C are sample calendarized expense, income and cash flow sheets. Appendix D consists of a monthly budget analysis of both income and expenses.

Appendix A

Chart of Accounts
Description of Operating Accounts

RECEIPTS

This section contains the definitions of school accounts listed as *Receipts* in the *Chart of Accounts*. These definitions are to be used to determine the proper allocation of cash received during the current year.

0100 Series—Tuition

The accounts in this series are to be used to record Tuition Payments made by students to the school.

0110—IN-PARISH TUITION—Record here any current year tuition received from students in the parish or in parishes affiliated with the school.

0120—OUT-OF-PARISH TUITION—Record here any current year tuition received from students who are from parishes not affiliated with the school or who are not affiliated with any parish. Also record here any tuition received from students who are non-Catholic.

0135—KINDERGARTEN TUITION—Use this account to record receipts of Kindergarten tuition.

0136—PRE-SCHOOL TUITION—Use this account to record receipts of Pre-School tuition.

0140—PRIOR YEARS' TUITION—This account is to be used to record monies received from those who pay tuition from previous years.

0150—OTHER TUITION—Record here any tuition payments from students whose classification does not fit the above listed accounts.

0160—CONTINGENCY FOR UNCOLLECTIBLE TUITION—This account is a planning account only and should not be used for anything except budgetary purposes during the budget-making process. It will always be a negative figure.

0200 Series—Subsidies/Assessments/Special Funds

Subsidies and assessments are monies given to the school for either its operation as an educational institution or, in specific cases, as a sum allocated as scholarships for financial assistance to the students.

0210—PARISH SUBSIDY—(applicable to parish schools) Record here any monies received from the parish as part of full payment of its subsidy to the parish school. Any payments of past-due subsidies are to be recorded here as well.

0220—PARISH ASSESSMENTS—(applicable to regional schools) Record here any money received from the parish or parishes forming the area served by the school. Any payments of past-due assessments are to be recorded here as well. Also, include any assessments which are ear-marked as scholarship aid.

0230—SPECIAL REGIONAL FUNDING—(R.C.E.F.) This account is to be used by schools to record receipts of any area Catholic education fund.

0240—SPECIAL FUNDS FROM THE DIOCESE—Record here any special receipts from the Diocese for emergency situations and special purposes. This is a restricted account.

0250—OTHER—Record here any other assessments or subsidies not provided for in other accounts of this series.

0300 Series—Third Source Income

This account series is used to record receipts from sources other than tuition and subsidies.

0310—RECEIPTS FROM HOME/SCHOOL ASSOCIATION—All monies received from the Home/School Association are to be recorded here.

0315—BINGO—Record here any monies received by the school as a result of Bingo operations sponsored and run by the school. Note that this does not include Bingo operations run and sponsored by other organizations such as the Home/School or the Boosters. Bingo funds from these organizations are to be channeled to any other account which properly defines these receipts—to be found elsewhere in this account series.

0320—DONATIONS, GIFTS, BEQUESTS—Money received from private individuals, private organizations for which no repayment or special service to the contributors is expected and which is ear-marked for school operations should be recorded in this account.

0321—DONATIONS OF EQUIPMENT OR SUPPLIES—Record here the dollar value of donations of supplies and equipment. This account is to be used if the estimated or known value is in excess of $250.

0325—SPECIAL PLANNED FUND RAISING EVENTS—(school sponsored) Record here the proceeds from school sponsored and operated fund raising events.

0330—GRANTS/FOUNDATIONS—(Please specify) Money received from philanthropic organizations as the result of a concerted effort by the school to obtain such funds.

0340—RENT FROM HOUSING FOR RELIGIOUS—Record here any monies received from religious men and women for rent on housing.

0345—RENT FROM USE OF SCHOOL FACILITIES—Money received from the rental of school property should be recorded in this account. School property means the physical plant, school grounds, or any other property owned by the school. The term also includes rents or fees received from the rental of school owned buses. These items should be specified when recorded in the books.

0350—INCOME EARNED ON OPERATING BANK ACCOUNTS—(Interest) Record here all income earned on operating bank accounts. Operating bank accounts are checking accounts which bear interest and are used from school operating purposes. Interest earned on regular savings accounts, certificates of deposit, mutual funds, etc., are not included. These items are to be categorized elsewhere, either in the Savings Account Fund, the Capital Improvement Fund, or the Endowment Fund.

0355—INSURANCE PROCEEDS AND REBATES—Money received from insurance claims and rebates on insurance premiums are to be recorded here.

0360—OTHER RECEIPTS—Record here all other third source income received, but not provided for in other accounts of this series.

0400 Series—Fees/Sales/Student Activities

This series of accounts is to be used to record fees received from students for items other than tuition charges. It includes the sale or rental of items such as supplies and textbooks.

0410—REGISTRATION FEES—All receipts of fees for the registration of pupils in the school should be recorded in this account.

*0415—CURRICULUM FEES—Record here all monies collected for art supplies, science lab, and other departmental income.

0417—ATHLETICS—Record here any direct receipts from athletic activities.

**0418—STUDENT ACTIVITIES—Record here any funds realized from student activities.

0420—TRANSPORTATION FEES—Record in this account all monies received from students for transportation to and from school on vehicles owned and operated by the school. Also, record here money received for transportation to and from school on vehicles which are contracted for use by the school. When the school acts as an intermediary and collects money for an outside transportation concern, this account should be used to record the receipts from the students.

0425—CAFETERIA—All money received from sales of lunches to students and adults should be recorded here.

0430—RENTS OR REBATES FROM VENDING MACHINES, TELEPHONES, etc.—Record here all monies received from vending machines such as Coke, Pepsi, Lance, etc. Also, record any refunds received from the telephone company for public telephone services in the building.

0435—SUPPLIES AND TEXTBOOKS—Monies received from the sale or rental of textbooks, workbooks, gym uniforms and common supplies such as pens, pencils, erasers, etc. should be recorded here.

0440—OTHER—(specify)—Include monies realized from sales or rentals which do not fit into any of the above listed accounts. Some examples may be student pictures, bumper stickers, etc.

0500 Series—Transfer from Capital Improvement Fund

0545—CAPITAL IMPROVEMENT FUND INCOME—Record here any transfers from the capital improvement fund. *This account is not a budgeted account on the financial statement.* It is provided to allow fund transfers as necessary from the capital improvement fund. Expenses from this account are items in the 1700 Series.

0600 Series—Transfer from Savings

0610—TRANSFER FROM SAVINGS—Record here any transfers from savings accounts to the operating fund. *This account is not a budgeted account on the financial statement.*

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*The following sub-numbers should be used if specifying the exact incomes:

01—Art	07—Language	11—Science
02—Business	08—Math	12—Social Studies
04—English—Language Arts	09—Music	13—Other
05—Health & P.E.	10—Religion	

**If it is desired, these accounts may be sub-divided and specified. Should this be the case, the following sub-numbers are to be used:

01—Art	20—Forensics	40—Orchestra
05—Student Council	25—Drama	45—Chorus
09—Music	35—Band	50—Other
15—Newspapers		

0700 Series—Exchange Funds

0710—EXCHANGE ACCOUNT—This account is to be used to record all receipts of income which are held for a specific purpose and which will be matched by an *identical* expense. The *identical* expense account is Account #2410. An example is money collected for a group purchase of books from a book club.

0800 Series—Scholarships from Endowment

0810—SCHOLARSHIPS FROM ENDOWMENT FUND—This account is to be used only to record transfers of funds from the Endowment Fund—for the purpose of scholarships.

EXPENSES

This section contains the definitions of school accounts listed as *Expenses* in the *Chart of Accounts*. These definitions are to be used to determine the proper allocation of cash expenditures disbursed during the school year.

1101 Series—Instruction

Instruction, as a general term for this series of accounts, consists of those activities which deal with or aid in the teaching of students or improve the quality of teaching. The activities of the teacher, principal, guidance personnel, and librarian are included here.

1101—RELIGIOUS PROFESSIONAL PERSONNEL—Charge to this account any salaries paid to religious personnel engaged in teaching, guidance, library, administration, etc.

1103—LAY PROFESSIONAL PERSONNEL—Charge to this account any salaries paid to lay personnel engaged in teaching, guidance, library, administration, etc.

1105—SALARIES—SUBSTITUTE TEACHERS—Record in this account any salaries paid to teachers who are substituting for other teachers who are absent from duties.

1107—SALARIES—TEACHER AIDS—Charge to this account any salaries paid to aides or other para-professionals.

1125—INSTRUCTIONAL MATERIALS—Record in this account all expenditures for consumable and non-consumable instructional materials. Items which should be recorded here are expenditures for all departmental supplies which are actually or constructively consumed in the teacher-learning process, including freight and cartage on them. Items which should be included are books, periodicals, documents, pamphlets, photographs, reproductions, pictorial or graphic works, musical scores, maps, charts, globes, sound recordings, processed slides, transparencies, films, filmstrips, kinescopes, video tapes and educational computer soft-ware. Also included are printed and published instructional materials as well as portable instructional equipment, suitable for and to be used by children and teachers in elementary schools. The term also includes the following: tests, chalk, paper, test tubes, ink, pencils, paints, paint brushes, crayons, chemicals, food for the instructional program, and other instructional supplies. *Note:* The term *does not* include furniture, non-portable equipment or items normally affixed to the realty or forming a part of the building structure.

1129—GUIDANCE AND TESTING—Record here expenditures for moral, vocational, guidance or counseling tests administered to students. Also include expenditures for miscellaneous expenses incurred in the guidance and counseling services rendered to students. The Diocesan Testing Program costs are to be recorded here.

1132—LIBRARY BOOKS—Charge to this account expenditures for books set apart for reading, studying or reference and which may be borrowed by the students.

1134—LIBRARY PERIODICALS AND NEWSPAPERS—Charge to this account expenditures for periodicals and newspapers which are set apart for reading, study or reference by the students.

1135—FACULTY LIBRARY—This account is to be used to record expenditures for professional books, pamphlets, tapes, transparencies, booklets, etc. to be used by the staff for professional development.

1136—LIBRARY AUDIO-VISUAL EQUIPMENT—Hardware—includes movie projectors, tape recorders, screens, video tape recorders, computers (CRT), stereos, etc.

1137—LIBRARY AUDIO-VISUAL AIDS—Software—includes filmstrips, tapes, transparencies, computer software including programs etc.

1138—LIBRARY OTHER EXPENSE—Record here expenditures for library materials, supplies, equipment and other expenses normaliy associated with the operation of a school library.

1141—AUTO AND TRAVEL EXPENSE—Charge to this account any amounts disbursed for the expenses of a motor vehicle operated primarily for instructional purposes. Such vehicles would probably be used by instructors, the instructional staff, or the administrative staff.

1146—ASSEMBLY PROGRAMS—All costs incurred for assembly programs should be included here. Some examples of these costs are: speakers' fees, travel expenses, etc.

1148—INSERVICE TRAINING—Charge to this account fees, travel, dues, subscriptions, memberships, and other expenditures incurred in attending institutes, workshops, faculty meetings, principal's meetings, or other programs of in-service training.

1152—RENTAL OF FACILITIES AND EQUIPMENT—Any expenditures incurred for the rental of facilities and equipment used in connection with the instructional program should be recorded here.

1159—OTHER EXPENSES—Charge to this account any expenditures for the instructional program that can not be included in other accounts of this series.

1200 Series—Administration

The accounts in this series refer to those activities which direct, control, or otherwise regulate the activities of the school and are not confined to a subject or narrow phase of school activity.

1203—SALARIES—OFFICE—All salary costs for secretaries, bookkeepers, and other personnel engaged in the general business administration of the school should be recorded here. *Note:* This account does not refer to salaries paid to administrators. Administration salaries should be recorded in either Account #1101 or Account #1103, whichever is appropriate.

1205—OFFICE MATERIALS AND SUPPLIES—Amounts disbursed for office materials and supplies such as carbon paper, paper clips, office books and stationery, forms ordered from printers for use in basic school functions, as well as pens, pencils,

typewriter ribbons, etc. should be recorded here. Diocesan form costs, if any, should be recorded here also.

1215—POSTAGE—Record here amounts disbursed for postage for all basic school functions.

1220—DUES & SUBSCRIPTIONS—Record here amounts disbursed for dues and fees for memberships in associations pertaining to the making of policy, or the administration of educational or business affairs. N.C.E.A. membership dues is a typical example of a charge to this account.

1225—ADMINISTRATIVE PUBLICATIONS & PRINTING—Charge to this account expenditures for publishing annual reports, school directories, student handbooks, and other publications.

1235—LEGAL AND PROFESSIONAL—Charge to this account amounts paid to outside accounting or auditing firms and attorneys for services rendered. Also record here payments to other outside firms or individuals for professional services rendered for management consulting, engineering, finance, personnel or other administrative purposes.

1245—FUND RAISING EXPENSE—Expenses incurred for campaigns for funds to be used for school operating purposes should be included here.

1250—PUBLIC RELATIONS EXPENSE—Charge to this account any expenses incurred in advertising, promotions, recruitment, etc.

1259—MAINTENANCE CONTRACTS—OFFICE EQUIPMENT—Expenditures for maintenance contracts on office equipment should be recorded here.

1265—VENDING MACHINE EXPENSE—Record here any costs associated with stocking or filling vending machines.

1267—TUITION AND FEE REFUNDS—Record here any tuition or fee refunds made to students.

1269—OTHER ADMINISTRATIVE EXPENSE—Record here any other administrative expense which does not fit any of the other accounts in this series.

1300 Series—Operation and Maintenance of Facilities

Operation of Plant consists of the housekeeping activities concerned with keeping the physical plant open and ready for use. The term includes cleaning, heating, lighting, cooling, moving furniture, handling stores, caring for grounds, and other such housekeeping activities as are repeated somewhat regularly on a daily, weekly, monthly, or seasonal basis.

1301—SALARIES—Charge to this account the gross salaries of plant engineers, custodians, janitors, general utility men, housekeepers, night watchmen, or others who care for school buildings and grounds. *Note: Do not* include fees paid for contracted custodial services with maintenance companies. See Account #1359.

1312—REPAIR AND REPLACEMENT OF EQUIPMENT—Record here the purchase of equipment which will last more than one year and has a unit value of less than $300. Some examples are hand drills, sanders, ladders, etc. The term also includes repair parts, paint, small tools used in making repairs, and like items used by school employees in operating and maintaining the plant.

1324—MATERIALS AND SUPPLIES—Record here expenditures for brooms, mops, soap, dusters, electrical fuses, electric light bulbs, cups, waxes, floor strippers, and other such custodial supplies used by students and school employees.

1328—UPKEEP OF BUILDING AND GROUNDS—This account should be charged for expenditures incurred as a result of providing the land and surroundings with necessary or proper maintenance or repair. Upkeep of grounds consist of the following kinds of activities: repairing and replacing walks, fences, flagpoles, driveways, sewers and irrigation ditches and regrading sites, reseeding lawns, replacing shrubs, etc. Charge to this account also those activities which provide the buildings with necessary or proper maintenance or repairs which do not add to existing facilities or extend the useful life of the building. As a general guide, if changes or partitions, roof structure, or walls are not involved, the expenditures are recorded here. If such changes are involved, the expenditures are recorded under Account #1705—Building Improvements, Replacements and Acquisition. Account #1328 also includes expenditures for the upkeep of buildings including materials, repair parts and other incidental expenses. Upkeep of building consists of the following kinds of activities: repainting, woodwork, redecorating walls, repairing foundations, repairing doors, windows, drapes and built-in equipment such as lockers, cabinets, wardrobes, venetian blinds, soap and towel dispensers, bulletin boards, and doorchecks. It also includes the maintenance of service systems which consists of the repair of such things as boilers, radiators and ventilating ducts, electric lighting systems, air conditioning systems or units, bells, clocks and intercommunication systems, sewers, toilets, fire plugs, fire hoses, fire sprinkler systems, recharging fire extinguishers, fire apparatus and fire escapes. Also charge to this account the expenses associated with providing the following types of vehicles with necessary or proper maintenance or repair: autos, trucks, lawnmowers, tractors, etc. These vehicles and pieces of equipment are those associated with the maintenance operation and are not the same as vehicles used by the professional staff.

1350—TELEPHONE—Amounts disbursed for school telephone bills should be recorded in this account.

1354—FUEL FOR HEATING—Record here disbursements for fuel oil or natural gas used in heating school buildings. Schools which are heated with electricity and receive separate billing should record the expense here also.

1355—WATER AND SEWAGE—Charge to this account disbursements for water and sewage.

1356—GAS (other than heat)—Record here the disbursements made for gas used for other than heating purposes. Gas used for heating hot water should be recorded in this account. *Note:* If the building is also heated by natural gas and separate bills for such are not received, the Account #1354 should be used.

1357—ELECTRICITY—Record here all electric bills. *Note:* See Account #1354 if separate electric heating bills are received. Otherwise those schools which have buildings heated with electricity should record the expense here.

1359—CONTRACTED JANITORIAL AND MAINTENANCE SERVICES—Expenditures made for janitorial and/or other contracted maintenance services should be recorded here. Trash removal and window washing services are also included.

1360—EQUIPMENT RENTAL—Include here costs associated with the rental of non-instructional equipment such as floor sanders, tools, etc.

1363—OTHER EXPENSE—Include here any maintenance or operational costs which cannot be included in the other accounts of this series.

1400 Series—Faculty Residence

Charge to these accounts all expenses borne by the school in maintaining the faculty residence (convent and other living quarters) as a benefit in kind to the faculty.

1401—SALARIES—Charge to this account the salaries of housekeepers, custodians, and other personnel involved in the upkeep and maintenance of the faculty buildings.

1425—MATERIALS AND SUPPLIES—Charge to this account all expenditures for materials and supplies used in the operation of the faculty residence.

1428—UPKEEP OF FACULTY RESIDENCE—Charge to this account all costs of any activity which served to provide the faculty residence with necessary and proper maintenance or repair. Also charge to this account the purchase of minor equipment items which will last more than one year and have a unit cost of less than $300.

1448—AUTOMOBILE EXPENSE—Expenditures for the operation of automobiles used by the members of the faculty residence should be recorded here.

1454—UTILITIES AND FUEL—Charge to this account the amounts disbursed for utilities and fuel incurred for the faculty residence.

1456—TELEPHONE—Expenditures for telephone expenses incurred by the faculty residence should be recorded here.

1459—OTHER FACULTY RESIDENCE EXPENSE—(specify) Record here any other faculty residence expenses which do not fit into other classifications in this series.

1500 Series—Fixed Charges

Fixed charges are expenditures of a generally recurrent nature which are not readily allocated to other expenditure accounts.

1531—DIOCESAN SELF-INSURANCE—Record here expenditures for property and liability insurance which is part of the Diocesan Self-Insurance Program.

1532—DIOCESAN DISABILITY INSURANCE—LAY PERSONNEL—Record here payments made to cover the disability insurance for salaried lay personnel.

1533—DIOCESAN DISABILITY INSURANCE—RELIGIOUS PERSONNEL—Record here payments made to cover the disability insurance for salaried religious personnel, if included in the insurance program.

1534—DIOCESAN LAY RETIREMENT—Record here the school's contribution toward the Lay Retirement Fund.

1535—DIOCESAN PRIESTS' RETIREMENT—Record here the school's contribution toward the Diocesan Priest's Retirement Fund.

1536—DIOCESAN HEALTH INSURANCE—LAY PERSONNEL—Record here any contributions made by the school toward the health and life insurance for lay personnel.

1537—DIOCESAN HEALTH INSURANCE—RELIGIOUS PERSONNEL—Record here any contributions made by the school toward the health insurance for religious personnel.

1538—RELIGIOUS RETIREMENT PLANS—Record here any contribution made by the school toward retirement programs for religious personnel.

1539—UNEMPLOYMENT RESERVE—Charge to this account any payments made by the school to reimburse the Diocese for expenses incurred as a result of the payment of unemployment claims of former employees.

1541—SOCIAL SECURITY TAXES—SCHOOL'S SHARE—Expenditures for F.I.C.A. as the school's share of social security taxes for employees of the school.

1560—OTHER—Record here any other fixed charges which do not fit into other categories in this account series.

1600 Series—Health Services

Under this account are recorded expenditures for all health services for students and the administration of health services. Health services are activities which do not involve direct instruction or teaching.

1601—SALARIES (PROFESSIONAL AND TECHNICAL)—Salaries of all professional personnel employed by the school and furnishing the services described above. Example: School Nurse.

1605—MEDICAL SUPPLIES—Charge to this account the cost of all medical supplies purchased by the school for the operation of the health services. Include here the costs of bandages, splints, ice packs, etc. Also, include the cost of any forms used by the clinic.

1610—OTHER EXPENSES—(Please specify)—Include in this account any other expense for health services which do not fit into either of the two accounts listed above.

1700 Series—Capital Outlay—Improvements, Replacements, New and Additions

Capital Outlay—Improvements: those expenditures which result in the alterations of or additions to a capital or fixed asset.

Capital Outlay—Replacements: those expenditures which result in the purchase of an item to replace an item already owned by the school.

Capital Outlay—New and Additions: those expenditures which result in the acquisition of and additions to fixed assets. They are expenditures for land, buildings, improvement of grounds or site, construction of buildings, additions to buildings, remodeling of buildings and the purchase of initial or additional furniture, fixtures and equipment associated with the construction or expansion.

1701—LAND IMPROVEMENTS AND ACQUISITIONS—Expenditures for the improvement of new and old sites and adjacent ways, consisting of such work as: grading, landscaping, seeding and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains and installing hydrants; original surfacing and soil treatment of athletic fields and tennis courts, furnishing and installing for the first time fixed playground apparatus, flagpoles, gateways, fences and the underground storage tanks which are not parts of building service systems and demolition work. Also include in this account the cost of real property, land, which is designated for school use. The cost of the land would include purchase price plus commissions, title fees, and other fees involved in the purchase of the land.

1705—BUILDING IMPROVEMENTS, REPLACEMENTS AND ACQUISITION—Include here any substantial repairs, alterations or changes that extend the useful life of the building or change the facilities to make them more useful or desirable. Include payments for repairs, fire losses, water or storm damages, even when covered by insurance. Include expenditures for major permanent structural alterations and additional installation of heating and ventilation systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings. Remodeling or improvements of buildings usually takes place within the existing floor area. The purchase cost of an existing building (not the associated land) or construc-

tion of a new building or an addition or add-on to an old building such that the add-on would increase the square footage of the building is also to be recorded here. Construction costs for buildings and additions consists of all expenditures for general construction, advertisements for contracts, payments on contracts for construction, installation of plumbing, heating, lighting, air conditioning, ventilation and electrical systems, built-in lockers, and other equipment built into buildings. Also include architectural and engineering service costs, legal service expenses and travel expenses incurred in connection with construction of buildings or additions to buildings.

1710—FURNITURE AND EQUIPMENT—Under this account are recorded expenditures for the purchase of initial and additional furniture and equipment items. These items are not integral parts of the building service. However, they are intended for use by the school in its conduct, operation and maintenance. These items are expected to last more than one year with reasonable care. Some examples are desks, chairs, bookcases, typewriters, business machines, file cabinets, refrigerators, science laboratory apparatus, musical instruments, library furniture, and motor vehicles. Public address systems would be included as well.

1800 Series—Cafeteria

This account series is to be used to record the expenses incurred as a part of the normal operation of the school food program. Since the schools which operate federal lunch programs are required to maintain separate sets of books from school operations, these schools are not required to use these accounts, except for budget and financial statement reporting. Schools which do not participate in the federal lunch program but operate a cafeteria must use the accounts in this series for both accounting purposes as well as financial reporting.

1801—SALARIES—Record here all salaries paid to those personnel who are associated with the operation of the school cafeteria.

1805—FOOD AND SUPPLIES—This account is to be used to record the purchase of food, milk and supplies associated with the operation of the cafeteria.

1810—MISCELLANEOUS—Record here the expenses related to the purchases of items and services which do not fit the other accounts of this series.

1900 Series—Debt Service

These accounts cover expenditures for the retirement of debt and expenditures for the interest of debt, including principal and interest on current loans.

1901—INTEREST ON LOANS—Expenditures for interest on Diocesan or bank loans, mortgages, and other interest payments should be recorded in this account.

1905—PRINCIPAL ON LOANS—Expenditures for principal on mortgages, Diocesan loans, bank loans, and all other principal payments.

200 Series—Pupil Transportation Services

These accounts are to be used to cover the expenses normally associated with the conveyance of pupils to and from school activities, either between home and school or for curricular activities.

2001—SALARIES—The salaries of supervisors of transportation, drivers of vehicles, bookkeepers, mechanics, and others concerned directly with the transportation function are to be recorded here.

2002—FUEL, OIL AND GREASE—Net expenditures of these items should be recorded here.

2003—TIRES, TUBES AND BATTERIES—Expenditures for tires, tubes and battery replacements should be recorded here. If tires are rented under contract, expenditures for such rental are also recorded here.

2004—VEHICLE SERVICE AND REPAIR—Expenditures for servicing and repairing vehicles used in the pupil transportation program should be recorded here.

2005—INSURANCE AND LICENSES—Expenditures for public liability, property damage, medical care, collision, fire and theft insurance should be recorded here if insurance is through a company other than the Diocesan Self-Insurance Program. If the buses are insured through the Self-Insurance Program, the expenses should be recorded under Account #1531. Bus licenses should be recorded under Account #2005 also.

2006—RENTAL OF FACILITIES AND EQUIPMENT—Expenses for renting facilities such as garages, and equipment such as air compressors, jacks, etc. should be recorded here.

2020—CONTRACTED PUPIL TRANSPORTATION—Expenditures to owners who operate school buses and small vehicles to transport pupils should be recorded here. This account should be used in those situations where pupils are being transported to and from school in non-school owned equipment.

2025—CONTRACTED MAINTENANCE—Expenditures for contracted service for the maintenance of pupil transportation vehicles and equipment should be recorded here.

2030—OTHER CONTRACTED SERVICE—Expenditures for all other contracted services incurred for pupil transportation should be recorded here.

2035—OTHER EXPENSE (specify)—Use this account to record any other expense incurred with pupil transportation which does not fit in the above accounts.

2100 Series—Athletics

2130—ATHLETIC EXPENSES—Record here all costs associated with the operation of any athletic events under the direct financial control of the school.

2200 Series—Student Activities

This series of accounts is for use when the student activities are under the direct financial control of the school, but are financed wholly or partly by revenue produced by the activities.

*2201—STUDENT ACTIVITY EXPENSE—Include here all expenses for drama, forensics, newspaper, student council, band, etc.

2205—OTHER EXPENSES—Use the account for expenses not covered in the other account of this series.

2300 Series—Supplies and Textbooks for Resale

This account series is to be used when materials are purchased for resale or rental to students and such transactions are under the financial control of the school.

---

*If it is desired, student activities may be further defined by using the following sub-numbers:

01—Art	15—Newspapers	35—Band
05—Student Council	25—Class plays	50—Other (specify)
09—Music		

2301—SUPPLIES AND TEXTBOOKS—Charge to this account any supplies or books purchased for resale or rental to students. Such items are pencils, paper, notebooks, textbooks, school insignia objects and publications bought for resale or rental.

2305—OTHER EXPENSES—Record here the costs of other expenses which do not fit into Account #2301. Some examples of these expenses are expenses incurred in the purchase of student pictures, class pictures, school uniforms, etc. If the school acts as the intermediary and receives billing directly from the companies involved.

2400 Series—Exchange Funds

2410—EXCHANGE ACCOUNT—This account is to be used to record the disbursement of funds for special purposes and which is matched by an *identical* revenue. The identical revenue account is Account #0710.

2500 Series—Transfer to Savings

2510—TRANSFER TO SAVINGS—This account is to be used to record the transfer of funds to savings accounts.

2600 Series—Transfer to Capital Improvement Fund

2610—TRANSFER TO CAPITAL IMPROVEMENT FUND—Record here any deposits made toward the Capital Improvement Fund. The monthly figure shall be one-twelfth of 2% of the school's annual operating budget. At the close of the fiscal year, a total of 2% of the annual operating budget shall be expensed to this account.

2700 Series—Transfer to Endowment Fund

2710—TRANSFER TO ENDOWMENT FUND—This account is to be used only for the purpose of recording transfers into the Endowment Fund from the Operating Fund.

SPECIAL FUND ACCOUNTS

The accounts which follow are separate from the Operating Fund Accounts. They are for special purposes. There are no account numbers in special funds.

SAVINGS FUND ACCOUNTS

This series of accounts is to be used only within the Savings Fund. It is separate from the Operating Fund. Items to be found within the Savings Fund include savings accounts, certificates of deposit, stock certificates and the like. Regular checking account interest is not to be included since this is part of the Operating Fund and is recorded there. Although the Savings Fund is separate from operations, the income and the expenses are to be treated in the same fashion as in the Operating Fund: income is to be recorded as such and expenses are to be treated as such.

Receipts:

Transfers from The Operating Fund—Record here any transfer made to the Savings Fund from the Operating Fund.

Income (Interest)—Record here the earnings of the Savings Fund. These earnings will usually be in the form of interest or dividends paid on the principal amount of savings accounts, certificates of deposit, mutual funds, holdings of stocks, etc.

Expenditures:

Transfers to The Operating Fund or to The Endowment Fund—Use this account to record transfers of funds from the Savings Fund to the Operating Fund or to the Endowment Fund.

CAPITAL IMPROVEMENT FUND ACCOUNTS

This series of accounts is to be used only within the Capital Improvement Fund. It is separate from the Operating Fund. Certificates of deposit, savings accounts, mutual funds, etc. may be methods to earn interest on the Capital Improvement Funds. These earnings are to be recorded in the Capital Improvement Fund Accounts. Although separate from the Operating Fund, the income and the expenses are to be treated in the same fashion as in the Operating Fund: income is to be treated as such and expenses are to be treated as such.

Receipts:

Transfers from The Operating Fund—Record here any transfers made to the Capital Improvement Fund from the Operating Fund.

Principal Donations—Record here any donations made by individuals, groups of individuals, corporations, etc. to the Capital Improvement Fund.

Income (Interest)—Record in this account the earnings of the Capital Improvement Fund. These earnings will usually be in the form of interest or dividends paid on the principal amount of certificates of deposit, savings accounts, or mutual funds held by the Capital Improvement Fund.

Expenditures:

Transfers to The Operating Fund—Use this account to record transfers of funds from the Capital Improvement Fund to the Operating Fund. These transfers are to be for the purpose of expensing items in Account #1701 or Account #1705 in the Operating Fund *only*.

Investment Expenses—This account is to be used to record any expenses associated with investment of capital improvement funds. Any investment of stockbroker's fees would be included.

ENDOWMENT FUND ACCOUNTS

This series of accounts is to be used only within the Endowment Fund. The purpose of the Endowment Fund is to provide Scholarships to students. Endowment funds differ from a regular Scholarship Fund in that the principal is never allowed to be used for scholarship or any other purposes, only the income earned on the endowment funds may be used.

Receipts:

Principal Donations—Additions to the principal of the Endowment Fund are to be made to this account. This is added to the Fund's balance, which is never expended.

Earnings on The Endowment Principal—Interest, dividends and other types of earnings of the Endowment Fund are to be recorded here.

Transfers from Savings or The Operating Fund—Record here any transfers made to the Endowment Fund from Savings or the Operating Fund.

Expenditures:

Scholarships Paid to The Operating Fund—Record here all transfers of available *earned* funds to the Operating Fund for the purpose of student scholarships.

Investment Expenses—This account is to be used to record any expenses associated with the investment of Endowment Funds. Any investment or stockbrokers' fees would be included.

FINANCIAL STATEMENT ACCRUAL ACCOUNTS

The purpose of the accounts in this series is to provide the school with a more accurate method of recognizing both income and expenses in the proper year. These accounts should only be used for reporting purposes on the Annual Budget and Financial Statement at the close of the fiscal year.

ACCOUNTS RECEIVABLE

Accounts Receivable—for Tuition Owed—Record in this account the total amount of outstanding tuition for the school year just ended.

Accounts Receivable—for Fees Owed—Record in this account the total amount of outstanding fees for the school year just ended.

Accounts Receivable—for Parish Subsidies or Assessments Owed—Record in this account any outstanding Parish subsidies or assessments for the school year just ended.

Accounts Receivable—Other—Record in this account the total amounts of monies due to the school at the close of the fiscal year from sources which are not specified in the other accounts of this series.

ACCOUNTS PAYABLE

Accounts Payable—Salaries—Record in this account the dollar amount of any salaries the school is obligated to pay and is associated with the school year just ending. This account will be active with teachers who are on a twelve (12) month contract and will receive pay checks during the months of July and August.

Accounts Payable—Textbook/Instructional Materials—Record in this account the dollar amount of outstanding bills the school has for textbooks or instructional materials.

Accounts Payable—Other—Record in this account the dollar amount of outstanding bills the school has in areas not specified in the other accounts of this series.

Appendix B

Elementary School Annual Budget and Financial Report

SCHOOL _____ DATE _____

CITY _____

PRINCIPAL _____ ACADEMIC YEAR _____

TOTAL SUBSIDY FROM PARISHES:
(List Parish and Amount)

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

TOTAL OPERATING COSTS (FROM LINE 32, PG. 49) $ _____

NUMBER OF STUDENTS _____

COST PER PUPIL $ _____

TOTAL SCHOOL INDEBTEDNESS $ _____

Signature of Person Preparing Report: _____

Signature of Person Approving Report: _____
(Principal)

PARISH SCHOOLS: _____
(Pastor—Parish School)

_____
Finance Committee Chairman (All Schools)

REGIONAL SCHOOLS: _____
School Board Chairman (Regional Schools)

PLEASE RETURN ONE (1) COPY OF THIS REPORT TO: OFFICE OF CATHOLIC SCHOOLS BY: July 31, 19xx. RETAIN ONE (1) COPY FOR OFFICE FILES.

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School Financial Report Form—Elementary Schools

SCHOOL _____ ADDRESS _____ DATE _____

SCHOOL INCOME	(1) 1984-85 Actual	(2) 1984-85 Plan	(3) VARIANCE Fav (Unfav to Plan) *(Col. 1 minus Col. 2)*	(4) 1985-86 Plan	(5) $ Amount of Increase/ (Decrease) from 84-85 Actual *(Col. 4 minus Col. 1)*
0100 Series—Tuition *(Note individual rates on pg. 52)*					
0100—In Parish Tuition					
0102—Out of Parish Tuition (Tuition From Students in other Parishes)					
0135—Kindergarten Tuition					
0136—Pre-School Tuition					
0140—Prior Years' Tuition					
0150—Other Tuition					
0160—Contingency for uncollectible Tuition					
1. TOTAL All Items Minus Acct. #0160					
0200 Series—Subsidies/Assessments/ Special Funds					
0210—Parish Subsidy (applicable to parish schools)					
0220—Parish Assessments (applicable to regional schools)					
0230—Special Regional Funding					
0240—Special Funds From Diocese					
0250—Other					
2. TOTAL					
0300 Series—Third Source Income					
0310—Receipts From Home/School Association					
0315—Bingo					
0320—Donations, Gifts, Bequests					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan) *(Col. 1 minus Col. 2)*	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual *(Col. 4 minus Col. 1)*
0321—Donations of Equipment and Supplies					
0325—Special Planned Fund Raising Events (school sponsored)					
0330—Foundations and Grants					
0340—Rent From Housing For Religious					
0345—Rent From Use of School Facilities					
0350—Income Earned on Operating Bank Accounts					
0355—Insurance Proceeds and Rebates					
0360—Other Receipts					
3. TOTAL					
0400 Series — Fees/Sales/Student Activities					
0410—Registration Fees					
0415—Curriculum Fees					
0417—Athletics					
0418—Student Activities					
0425—Cafeteria					
0430—Rents or Rebates from Vending Machines, telephones, etc.					
0435—Sale of Supplies and Textbooks for Resale					
4. 0440—Other					
TOTAL					
Pupil Transportation Services					
5. 0420—Transportation Fees					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan) *(Col. 1 minus Col. 2)*	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual *(Col. 4 minus Col. 1)*
0500 Series — Transfer From Capital Improvement Fund					
6. 0545 — Transfer From Capital Improvement Fund					
0600 Series — Transfer From Savings					
7. 0610 — Transfer From Savings					
0700 Series — Exchange Funds					
8. 0710 — Exchange Account					
0800 Series — Scholarships From Endowment Fund					
9. 0810 — Scholarships From Endowment					
10. TOTAL School Income — Lines 1 through 4					
11. Pupil Transportation — Line 5					
12. TOTAL Income — Add Lines 10 and 11					
13. GRAND TOTAL: All Income — Add Lines 6, 7, 8, 9 & 12					
EXPENSES					
01100 Series — Instruction					
1101 — Salaries — Relig. Prof. Personnel					
1103 — Salaries — Lay Prof. Personnel					
1105 — Salaries — Substitute Teachers					
1107 — Salaries — Teachers Aides					
1122 — Textbooks					
1125 — Instructional Materials					
1129 — Guidance and Testing					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan) *(Col. 1 minus Col. 2)*	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual *(Col. 4 minus Col. 1)*
1132—Library Books					
1134—Library Periodicals and Newspapers					
1135—Faculty Library					
1136—Library Audio-Visual Equipment					
1137—Library Audio-Visual Aids (Software)					
1138—Library Other Expenses					
1141—Auto and Travel Expenses					
1146—Assembly Programs					
1148—In-Service Training					
1152—Rental of Facilities and Equipment					
1159—Other Expenses					
14. TOTAL					
1200 Series—Administration					
1203—Salaries—Office Staff					
1205—Office Materials & Supplies					
1215—Postage					
1220—Dues & Subscriptions					
1225—Admin. Publications and Print					
1235—Legal and Professional					
1245—Fund Raising Expense					
1250—Public Relations Expense					
1259—Maint. Contr.—Off. Equip.					
1265—Vending Machine Expense					
1267—Tuition and Fee Refunds					
1269—Other Admin. Expense					
15. TOTAL					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan)	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual
			(Col. 1 minus Col. 2)		*(Col. 4 minus Col. 1)*
1300 Series — Operation and Maintenance of Facilities					
1301 — Salaries					
1312 — Repair and Replacement of Equipment					
1324 — Materials and Supplies					
1328 — Upkeep of Buildings and Grounds					
1350 — Telephone					
1354 — Fuel for Heating					
1355 — Water and Sewage					
1356 — Gas (Other than heat)					
1357 — Electricity					
1359 — Contracted Janitorial & Maint. Services					
1360 — Equipment Rental					
1363 — Other Expenses					
16. TOTAL					
1500 Series — Fixed Charges					
1531 — Diocesan Self-Insurance					
1532 — Dioc. Disability Ins. — Lay					
1533 — Dioc. Disability Ins. — Rel.					
1534 — Diocesan Lay Retirement					
1535 — Dioc. Priest's Retirement					
1536 — Dioc. Health & Life Insurance — Lay					
1537 — Dioc. Health Insurance — Religious					
1539 — Unemployment Reserve					
1541 — Soc. Sec. Taxes — Schools' Share					
1560 — Other					
17. TOTAL					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan)	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual
			(Col. 1 minus Col. 2)		*(Col. 4 minus Col. 1)*
1600 Series — Health Services					
1601 — Salaries — Prof. & Technical					
1605 — Medical Supplies					
1610 — Other Expenses					
18. TOTAL					
1700 Series — Capital Outlay — Improvements, Replacements, New & Additions					
1701 — Land Improvements & Acquisitions					
1705 — Building Improvements, Replacements & Acquisition					
1710 — Furniture & Equipment					
19. TOTAL					
1800 Series — Cafeteria					
1801 — Salaries					
1805 — Food and Supplies					
1810 — Miscellaneous					
20. TOTAL					
1900 Series — Athletics					
1901 — Interest On Loans					
1905 — Principal On Loans					
21. TOTAL					
2100 Series — Athletics					
2130 — Athletic Expense					
22. TOTAL					
2200 Series — Student Activities					
2201 — Student Activity Expense					
2205 — Other Expenses					
23. TOTAL					

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	VARIANCE Fav (Unfav to Plan)	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual
			(Col. 1 minus Col. 2)		*(Col. 4 minus Col. 1)*
2300 Series — Supplies & Textbooks for Resale					
2301 — Supplies & Textbooks					
2305 — Other Expenses					
24. TOTAL					
25. 2410 — Exchange Account					
2500 Series — Transfer to Savings Account					
26. 2510 — Transfer to Savings					
2600 Series — Transfer to Capital Improvement Fund					
27. 2610 — Transfer to Capital Improvement Fund					
2700 Series — Transfer to Endowment Fund					
28. 2710 — Transfer to Endowment Fund					
29. TOTAL School Expenses: Add Lines 14 through 24					
30. Pupil Transportation: Add TOTAL from page 51					
31. Faculty Residence Expenses: Add TOTAL from page 51					
32. TOTAL Expenses: Add Lines 29, 30, & 31					
33. GRAND TOTAL: All Expenses — Add Lines 25, 26, 28 & 32					

BALANCE STATEMENT

OPERATING FUNDS—*(Cash)*

1. Balance on hand, July 1, 1984	$ _____	
2. Total Income (line 13)	$ _____	
3. Add line 1 and line 2 and enter total here	$ _____	
4. Grand Total Expenses (line 33)	$ _____	
5. Subtract line 4 from line 3 for balance on hand (as of June 30, 1985)	$ _____	

ACCOUNTS RECEIVABLE—*(as of June 30, 1985)*

1. Accounts Receivable—For Tuition	$ _____	
2. Accounts Receivable—For Fees	$ _____	
3. Accounts Receivable—For Parish Subsidies or Assessments	$ _____	
4. Accounts Receivable—Other	$ _____	
5. Total Accounts Receivable as of June 30, 1985		$ _____

ACCOUNTS PAYABLE—*(As of June 30, 1985)*

1. Accounts Payable—For Salaries	$ _____	
2. Accounts Payable—For Textbooks/Instructional Materials	$ _____	
3. Accounts Payable—Other	$ _____	
4. Total Accounts Payable as of June 30, 1985		$ _____

COST PER PUPIL INFORMATION

1. Total Expenses (from line 32)	$ _____
2. Add Total Accounts Payable as of June 30, 1985	$ _____
3. Accrual Basis Total Expenditures	$ _____

To calculate cost per pupil: divide line 3 above by total number of students enrolled as of the end of the school year. Enter calculated figures as shown in chart below:

COST PER PUPIL—1983-84	COST PER PUPIL—1984-85	Variance = (Increase) Decrease between 83-84 & 84-85
$ _____	$ _____	$ _____

BALANCE STATEMENT	SAVINGS ACCOUNT	CAPITAL IMPROVEMENT FUND
1. Beginning Balance	$ _____	$ _____
2. Income (interest)	$ _____	$ _____
3. Transfers In	$ _____	$ _____
4. Total Available	$ _____	$ _____
5. Transfers Out	$ _____	$ _____
6. Ending Balance, June 30, 19xx	$ _____	$ _____

ENDOWMENT FUND STATEMENT

1. Beginning Balance as of June 1, 19xx	$ _____
2. Principal Donations	$ _____
3. Earnings	$ _____
4. Transfers In	$ _____
5. Total Available	$ _____
6. Scholarships Paid	$ _____
7. Ending Balance as of June 30, 19xx (never less than the totals of lines 1, 2 and 4.)	$ _____

DETAILS ON SELECTED ACCOUNTS

	(1) 1984-85 Actual	(2) 1984-85 Plan	(3) Fav (Unfav) Plan *Col. 2 minus Col. 1*	(4) 1985-86 Plan	(5) $ Amount of Increase/ (Decrease) from 84-85 Actual *Col. 1 minus Col. 4*
Faculty Residence Expenses					
1401—a. Salaries					
1425—b. Materials and Supplies					
1428—c. Upkeep of Faculty Residence					
1448—d. Automobile Expense					
1454—e. Utilities and Fuel					
1456—f. Telephone					
1459—g. Other Fac. Res. Expenses					
TOTAL of: a through g					
Pupil Transportation Service					
2001—a. Salaries					
2002—b. Fuel, Oil & Grease					
2003—c. Tires, Tubes & Batteries					
2004—d. Vehicle Service & Repair					
2005—e. Insurance & License					
2006—f. Rental of Facilities & Equipment					
2020—g. Contracted Pupil Trans.					
2025—h. Contracted Maintenance					
2030—i. Other Contracted Service					
2035—j. Other Expenses					
TOTAL of: a through j					

ELEMENTARY SCHOOL
TUITION RATE INFORMATION

(Give Rates Per Pupil)

	Actual 1984-85 Tuition Rates	Project 1985-86 Tuition Rates
Pre-School 1	$ _____	$ _____
2	$ _____	$ _____
3	$ _____	$ _____
4	$ _____	$ _____
5 or more	$ _____	$ _____
Kindergarten 1	$ _____	$ _____
2	$ _____	$ _____
3	$ _____	$ _____
4	$ _____	$ _____
5 or more	$ _____	$ _____
Parishioners 1	$ _____	$ _____
2	$ _____	$ _____
3	$ _____	$ _____
4	$ _____	$ _____
5 or more	$ _____	$ _____
Non-Parishioners 1	$ _____	$ _____
2	$ _____	$ _____
3	$ _____	$ _____
4	$ _____	$ _____
5 or more	$ _____	$ _____

APPENDIX: SCHOOL STATISTICS

	(1)	(2)	(3)	(4)	(5)
	1984-85 Actual	1984-85 Plan	Fav (Unfav) to Plan	1985-86 Plan	$ Amount of Increase/ (Decrease) from 84-85 Actual
			Col. 2 minus Col. 1		*Col. 1 minus Col. 4*
Total School Enrollment					

A. Please explain school and faculty residence individual expenses over $1,000. (Actual 1984-85)

B. Do you foresee any difficulty in meeting your school financial budget in the coming year? ( ) Yes ( ) No

If "YES", please explain:

(Signature of Pastor—Parish School)

(Signature of Principal)

(Signature of School Board Chairman, Regional School)

(Date)

Appendix C

Expenses
Sample Calendar
1984-85

	Total Budget
INSTRUCTIONAL SALARIES	
a. Lay teachers & lay principal	$98,738
b. Religious teachers & prin.	10,496
c. Substitutes	1,300
d. Social Security	7,790
e. Lay Employment Benefit Program	7,300
f. Unemployment Compensation	—
TOTAL a, b, c, d, e, f	125,624
INSTRUCTION OTHER	
a. Textbooks & Workbooks—Secular	7,000
b. Textbooks & Workbooks—Religious	2,500
c. Library Books & Supplies	1,500
d. Teaching Supplies & AV	3,800
e. Office Supplies & Expense	1,700
TOTAL a, b, c, d, e	16,500
OPERATIONS SALARIES	
a. Custodian	7,764
b. Office Staff	8,480
TOTAL a, b	16,244
OPERATIONS OTHER	
a. Fuel	15,000
b. Other Utilities	7,000
c. Custodial Supplies	1,700
d. Custodial Services	3,000
TOTAL a, b, c, d	26,700
MAINTENANCE	
a. Building Repairs	1,500
b. Scheduled Maintenance	3,000
c. Repair/Repl. of Furn., Equip.	1,000
TOTAL a, b, c	5,500
FIXED CHARGES	
a. Property Insurance	3,000
b. Pupil Insurance	200
c. Teacher Inservice	900
d. Other Fixed Costs	1,300
TOTAL a, b, c, d	5,400
STUDENT SERVICES	
a. Cafeteria—Milk	4,000
b. Extracurricular Activities	800
c. Other—Miscellaneous	1,200
TOTAL a, b, c	6,000
TOTAL SCHOOL EXPENSES	$201,968
CONVENT—Auto	334
—Reimbursement to Parish	6,666
TOTAL CONVENT EXPENSES	7,000
TOTAL EXPENSES SCHOOL & CONVENT	$208,968

July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
8,714	8,714	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131	8,131
833	833	883	883	883	883	883	883	883	883	883	883
—	—	100	100	200	200	300	200	100	50	50	—
691	691	639	639	645	645	652	645	639	636	636	632
608	608	609	608	608	609	608	608	609	608	608	609
—	—	—	—	—	—	—	—	—	—	—	—
10,846	10,846	10,362	10,361	10,467	10,468	10,574	10,467	10,362	10,308	10,308	10,255
—	—	5,500	1,000	500	—	—	—	—	—	—	—
—	—	1,500	1,000	—	—	—	—	—	—	—	—
—	—	1,000	—	—	—	—	—	500	—	—	—
—	—	1,500	1,500	500	—	300	—	—	—	—	—
—	400	400	300	—	—	200	—	200	200	—	—
	400	9,900	3,800	1,000	—	500	—	700	200	—	—
897	897	597	597	597	597	597	597	597	597	597	597
707	707	706	707	707	706	707	707	706	707	707	706
1,604	1,604	1,303	1,304	1,304	1,303	1,304	1,304	1,303	1,304	1,304	1,303
—	—	—	—	—	2,000	4,000	4,000	3,000	2,000	—	—
400	400	600	600	600	600	700	700	600	600	600	600
200	300	—	400	500	—	—	—	—	300	—	—
190	190	910	190	190	190	190	190	190	190	190	190
790	890	1,510	1,190	1,290	2,790	4,890	4,890	3,790	3,090	790	790
—	300	300	300	—	—	—	300	—	300	—	—
—	—	—	—	3,000	—	—	—	—	—	—	—
—	300	500	200	—	—	—	—	—	—	—	—
—	600	800	500	3,000	—	—	300	—	300	—	—
—	—	—	—	—	3,000	—	—	—	—	—	—
—	—	—	200	—	—	—	—	—	—	—	—
—	—	500	—	—	—	—	400	—	—	—	—
—	500	—	200	—	300	—	—	—	300	—	—
—	500	500	400	—	3,300	—	400	—	300	—	—
—	—	400	400	400	400	400	400	400	400	400	400
—	—	200	—	—	200	—	—	—	200	—	200
—	—	—	—	—	—	—	200	—	—	—	1,000
—	—	600	400	400	600	400	600	400	600	400	1,600
13,240	14,840	24,975	17,955	17,461	18,461	17,668	17,961	16,555	16,102	12,802	13,948
—	—	33	33	33	33	33	33	33	33	33	37
555	555	555	555	555	555	555	555	555	555	555	561
555	555	588	588	588	588	588	588	588	588	588	598
13,795	15,395	25,563	18,543	18,049	19,049	18,256	18,549	17,143	16,690	13,390	14,546

Income
Sample Calendar 1984-85

	Total Budget
TUITION	
a. Parishioners	$54,585
b. Non-Parishioners	7,060
c. Non-Catholics	36,505
(Estimated Delinquency)	(4,900)
TOTAL a, b, c	93,250
ASSESSMENT FROM PARISHES OF NON-PARISHIONERS	4,000
FEES	300
GIFTS, ENDOWMENTS	9,726
SUBSIDY FROM PARISH	72,924
OTHER INCOME	
a. Cafeteria—Milk	4,000
b. Collection Drives-School	—
c. Parent/Student Fund Raising	22,500
d. Other Sources	2,500
TOTAL a, b, c, d	29,000
CATHOLIC SCHOOLS COLLECTION GRANT	—
TOTAL SCHOOL INCOME	$209,200

Cash Flow
Sample Calendar 1984-85

Beginning Balance	$ 4,960
TOTAL INCOME	209,200
TOTAL EXPENSES	208,968
VARIANCE FAV/(UNFAV)	5,192
CUMULATIVE CASH FLOW	NA

July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
4,000	8,000	6,500	2,000	6,000	2,000	2,000	9,000	3,000	2,000	5,000	5,085
500	2,000	500	500	1,000	—	—	1,000	500	1,000	—	60
1,000	8,000	5,000	1,000	4,000	1,000	1,000	6,000	3,000	3,000	500	3,005
(200)	(1,000)	(200)	—	(800)	—	—	(800)	(800)	(200)	(100)	(800)
5,300	17,000	11,800	3,500	10,200	3,000	3,000	15,200	5,700	5,800	5,400	7,350
—	—	—	1,000	—	—	3,000	—	—	—	—	—
—	—	—	100	100	—	—	—	—	—	—	100
—	—	—	9,726	—	—	—	—	—	—	—	—
5,500	—	10,000	10,000	—	7,390	2,000	3,000	10,000	7,500	7,500	10,034
—	—	400	400	400	400	400	400	400	400	400	400
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	6,000	—	3,000	10,000	—	—	3,000	—	500
—	—	250	250	250	250	250	250	250	250	250	250
—	—	650	6,650	650	3,650	10,650	650	650	3,650	650	1,150
—	—	—	—	—	—	—	—	—	—	—	—
10,800	17,000	22,450	30,967	10,950	14,040	18,650	18,850	16,350	16,950	13,550	18,634
4,960	—	—	—	—	—	—	—	—	—	—	—
10,800	17,000	22,450	30,976	10,950	14,040	18,650	18,850	16,350	16,950	13,550	18,634
13,795	15,395	25,563	18,543	18,049	19,049	18,256	18,549	17,143	16,690	13,390	14,546
1,965	1,605	(3,113)	12,433	(7,099)	(5,009)	394	301	(793)	260	160	4,088
1,965	3,570	457	12,890	5,791	782	1,176	1,477	684	944	1,104	5,192

Appendix D

Income
Monthly Budget Analysis

Item	Month—September 19xx Plan	Actual	Variance	Year-to-Date Plan	Actual	Variance
TUITION						
a. Kindergarten	$ —			$ —		
b. Parishioners	6,500	4,782.50	(1,717.50)	18,500	13,565.50	(4,934.50)
c. Non-Parishioners	500	2,174.00	1,674.00	3,000	4,434.00	1,434.00
d. Non-Catholics	5,000	5,507.63	507.63	14,000	12,736.13	(1,263.87)
(Estimated Delinquency)	(200)	—	200.00	(1,400)	—	1,400.00
TOTAL a, b, c, d	11,800	12,464.13	664.13	34,100	30,735.63	(3,364.37)
ASSESSMENT FROM PARISHES OF NON-PARISHIONERS	—	—	—	—	200.00	200.00
FEES	—	—	—	—	—	—
GIFTS, ENDOWMENTS	—	9,726.60	9,726.60	—	9,726.60	9,726.60
SUBSIDY FROM PARISH	10,000	273.40	(9,726.60)	15,500	5,773.40	(9,726.60)
ALL OTHER INCOME						
a. Cafeteria	400	—	(400.00)	400	—	(400.00)
b. Collection drives for school	—	—	—	—	—	—
c. Parent/student fund raising	—	—	—	—	—	—
d. Other sources	250	78.11	(171.89)	250	137.31	(112.69)
TOTAL a, b, c, d	650	78.11	(571.89)	650	137.31	(512.69)
CATHOLIC SCHOOLS COLLECTION GRANT	—	—	—	—	—	—
Beginning Balance	—	—	—	4,960	3,707.95	(1,252.05)
TOTAL SCHOOL BALANCE	$22,450	22,542.24	92.24	$55,210	46,572.94	8,637.06
Total Expenses	25,563	23,886.73	1,676.27	54,753	49,169.78	5,583.22
Variance Gain/(Loss)	$(3,113)	(1,344.49)	(1,768.51)	$ 457	(2,596.84)	(3,053.84)

TOTAL UNPAID BILLS
$1,272.00

Checkbook Balance as of Sept. 1	$3,707.95
Gain/(Loss)	1,344.49
Checkbook Balance as of Oct. 1.	$2,363.46

Expenses
Monthly Budget Analysis

Item	Month—September 19xx			Year-to-Date		
	Plan	Actual	Variance	Plan	Actual	Variance
INSTRUCTIONAL SALARIES						
a. Lay teachers & prin.	$ 8,131	7,836.83	294.17	$25,559	22,630.75	2,928.25
b. Rel. teachers & prin.	883	883.00	—	2,549	2,549.68	(.68)
c. Substitutes	100	—	100.00	100	—	100.00
d. Social Security	639	618.54	20.46	2,021	1,841.46	179.54
e. Lay Employee Benefits	609	710.61	(101.61)	1,825	1,508.12	316.88
f. Unemployment Comp.	—	—	—	—	—	—
TOTAL a, b, c, d, e, f	10,362	10,048.98	313.02	32,054	28,530.01	3,523.99
INSTRUCTION OTHER						
a. Textbooks—Secular	5,500	4,965.15	534.85	5,500	5,289.14	210.86
b. Textbooks—Religious	1,500	—	1,500.00	1,500	—	1,500.00
c. Library books	1,000	82.25	917.75	1,000	117.47	882.53
d. Teaching & AV supplies	1,500	663.77	836.23	1,500	800.65	699.35
e. Office supplies & exp.	400	300.55	99.45	800	595.15	204.85
TOTAL a, b, c, d, e	9,900	6,011.72	3,888.28	10,300	6,802.41	3,497.59
OPERATIONS, SALARIES						
a. Custodian	597	1,116.40	(519.40)	2,391	2,242.40	148.60
b. Office Staff	706	678.33	27.67	2,120	2,011.69	108.31
TOTAL a, b	1,303	1,794.73	(419.73)	4,511	4,254.09	256.91
OPERATIONS, OTHER						
a. Fuel	—	—	—	—	—	—
b. Elect, wtr, gas, phone	600	540.34	59.66	1,400	1,242.95	157.05
c. Custodial supplies	—	811.92	(811.92)	500	1,101.57	(601.57)
d. Custodial services	910	79.00	831.00	1,290	315.69	974.31
TOTAL a, b, c, d	1,510	1,431.26	78.74	3,190	2,660.21	529.79
MAINTENANCE						
a. Building repairs	300	27.20	272.80	600	326.22	273.78
b. Scheduled Maint.	—	—	—	—	—	—
c. Repair/repl. furn-equip	500	323.75	176.25	800	412.91	387.09
TOTAL a, b, c	800	350.95	449.05	1,400	739.13	660.87
FIXED CHARGES						
a. Property Insurance	—	2,951.00	(2,951.00)	—	2,951.00	(2,951.00)
b. Pupil Insurance	—	—	—	—	—	—
c. Teacher Inservice	500	540.00	(40.00)	500	540.00	(40.00)
d. Other	—	95.00	(95.00)	500	95.00	405.00
TOTAL a, b, c, d	500	3,586.00	(3,086.00)	1,000	3,586.00	(2,586.00)
STUDENT SERVICES						
a. Cafeteria—Milk	400	—	400.00	400	—	400.00
b. Extracurricular activ.	200	—	200.00	200	—	200.00
c. Other	—	93.09	(93.09)	—	93.09	(93.09)
TOTAL a, b, c	600	93.09	506.91	600	93.09	506.91
SUB TOTAL SCHOOL EXPENSES	24,975	23,316.73	1,658.27	53,055	46,664.94	6,390.16
CONVENT—Auto	33	15.00	18.00	33	15.00	18.00
—Reimb. to Parish	555	555.00	—	1,665	555.00	1,110.00
TOTAL CONVENT EXPENSES	588	570.00	18.00	1,698	570.00	1,128.00
TOTAL EXPENSES (SCHOOL & CONVENT)	25,563	23,886.73	1,676.27	54,753	47,234.94	7,518.06

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Chapter 3

TUITION

by John A. Thomas and James Haudan

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Introduction

One of the major difficulties of American education, if not the major difficulty, is that of finance. This is as true of private education as it is of public education. The little red school house of the farm, frontier, or of the Massachusetts Bay Colony was financially the least expensive possible model. Hence, any progress in American education faced the uphill battle of a need for increased funding because of increased cost. Again, this is as true of public education as it is of private.

Private education, gradually phased out of any real public funding in the 19th century, was forced to turn to the Church for funding. With improved educational methods always bringing increased expense, due to the rock bottom beginning, the Church was forced to turn to user costs or tuition. Accelerated costs since 1957 and Sputnik have accelerated this trend.

Thomas and Haudan recently conducted a tuition survey for Catholic elementary schools across the country, which was completed and returned by over 80 different dioceses. Each diocese was asked to respond to the various methods of user cost collection (tuition) in Catholic elementary schools in their respective diocese.

The survey identified three components of tuition collection structure. These three components were: I. Pricing Formula and Frequency of Use; II. Time of Collection and III. Group That Determines Pricing Formula and Time of Collection.

The data gathered from the tuition survey provided the structure for discussing comprehensively the tuition practices of Catholic elementary schools in the United States.

It should also be noted that each program discussed in this review is currently in practice in a Catholic school in the United States. Appendix E lists the individual dioceses that can be contacted for more information on a specific program.

Pricing Formula and Frequency of Use

Pricing formula addresses two issues: (1) what share of the actual cost is to be borne by the user?; (2) who makes this determination? Frequency of use is simply defined as the number of schools utilizing a specific tuition practice.

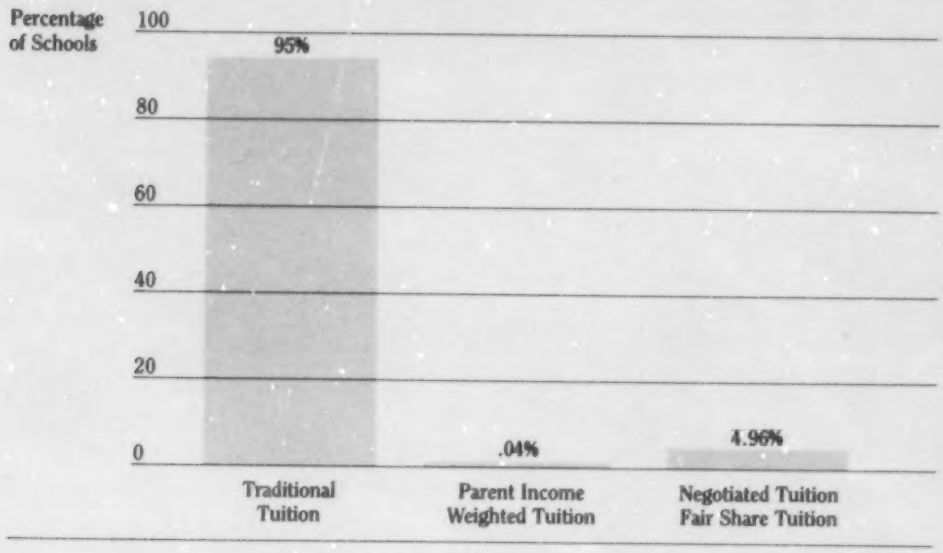
Traditional Tuition

Tuition for students is a fixed rate (often discounted for multiple student families) set by the school administration.

Usually any non-administration involvement (e.g. letting parents in on determining how much of the actual cost they will bear) is forgotten. Traditional tuition then is a tuition or user cost set at a fixed rate by the school often discounted for multiple student families. Figure 1 illustrates the elementary school pricing formula practices of over 3,300 Catholic elementary schools in the U.S.A. Ninety-five percent of the Catholic elementary schools indicated that traditional tuition is the dominant pricing formula.

The strategy most often used to set the traditional tuition pricing formula appears to be the cost per pupil, less the parish or other subsidy per pupil if there is one, less operating revenue per pupil (fund raising, interest earned, etc.) equals the per pupil user cost or the necessary tuition charged to keep from running a deficit. All this completely side steps concerns about capital costs.

Figure 1



As an aside, capital costs are not usually depreciated as in for-profit organizations. The depreciation fund is the good will of the people who obtain the service. This seems to be as true of Catholic elementary schools as it does of other non-profit organizations where the public, the parishioners, are unwilling to self-tax as part of annual revenue for depreciation, preferring to hold the institution or organization accountable. When capital needs arise, the capital fund is literally the good will of the people.

The high popularity of this traditional method, about 95% of the Catholic elementary schools use it, is probably based on its simplicity. Tuition has many of the dislikeable earmarks of taxation. Hence, its acceptable increases seem to depend on the user agreeing to the need. Since Catholic elementary schools, like their government school counterparts, started out with the rock bottom little red school house financial approach, the road to improvement is financially all uphill. This necessitates simplicity for acceptance and thus readily explains why 95% of the schools are on the simplest method.

However, just as the government programs subsidize the rich as well as the poor regardless of the need for subsidy, so this pricing formula in effect gives the rich, needed or not, and the poor, need more or not, the same subsidy from parish and fund raising.

To understand what is happening, reverse the common thoughts about tuition and subsidy and consider the idea that the user should bear total costs and that scarce Church dollars should be frugally applied and only where most needed. Once tuition and subsidy are seen in this light, it is easy to understand how the traditional pricing formula—if left as is—applies subsidies to those who may not even want, much less need, them. Hence, some educators are looking at other pricing formulas.

Parent Income Weighted Tuition

The school determines the appropriate levels of tuition for corresponding level of tuition payer income.

Example: (Elementary)

Income Level	One Student	Two Students	Three Students
$ 0-10,000	$450	$625	$750
10,000-11,000	475	650	775
11,000-12,000	500	675	800
12,000-13,000	525	700	825
13,000-14,000	550	725	850
14,000-15,000	575	750	875
15,000-16,000	600	775	900
16,000-17,000	625	800	925
17,000-18,000	650	825	950
18,000-19,000	675	850	975
19,000-20,000	700	875	1000
20,000-21,000	725	900	1025
21,000-22,000	750	925	1050
22,000-23,000	775	950	1075
23,000-24,000	800	975	1100
24,000- +	825	1000	1125

Parent income weighted tuition tries to weigh the amount of user cost according to objective ability to pay. The positive side of this system is that it attempts to put scarce subsidy dollars where most needed, as well as treating all with the same income equally or objectively.

The negative side is that it is fairly complex with charts and the need to explain the rationale behind the charts. Also, how does one determine the income level? Agents of the Church are reluctant to demand to see the income tax forms of users. Thus, it depends on the honesty of the user to acknowledge the proper level of income thereby determining what portion of the total educational cost should be paid.

At least one school has reversed this process and charges more than the per pupil cost. It determines the cost per pupil and then sets the actual cost at 105% of this amount. The extra small percentage covers borrowing necessary because of late payment of tuition as well as uncollectible tuition. For further information, contact the Diocese of Louisville, Kentucky.

Negotiated Tuition/Fair Share Tuition

The tuition payers contribute a "fair share" or "negotiated tuition" based on their ability to pay and the total educational cost.

Example: After intense relations (information flow) efforts to insure that parents are aware of all benefits (both present and expected) that the school provides for their students, a negotiation session is held whereby a registration form and negotiation form could be completed. (Cf. Appendices A and B.)

Negotiated tuition, fair share tuition, pay-what-you-can plan, and educational operating pledge are all synonymous for a method of tuition collection in which tuition rates are determined by users. Parents and school officials (or their designee) privately meet to set the level of financial support the parents will provide the school.

The motivation for any school to consider negotiated tuition is fundamentally the realization that a static tuition rate assumes that each tuition payer has an equal parish subsidy. The shortcoming of this traditional system as was stated is that *scarce Church dollars* are not used where they are most needed. Everyone, regardless of need, receives the same tuition of subsidy and the potential scenario whereby tuition payers with significant ability to pay (e.g. income of $70,000) and tuition payers with minimum ability to pay (e.g. income of $8,000) would receive the *same* scarce Church dollar subsidy. This problem is compounded when you realize that inner city parishes, where people with marginal income live, must charge higher tuitions than suburban parishes where the relatively affluent live because the collection plate of the inner city parish is less able to subsidize education.

The whole system is backward with the poor paying higher tuitions than the relatively more affluent. Usually Church dollar subsidy is represented by the difference between cost per pupil, for example $900, less the set tuition of $500, equals the level of parish subsidy per student of $400. These scarce Church dollars would better be applied where they are most needed and wisely be reduced where they are not needed. The creation of this balance could occur by encouraging those who can pay more to do so, and those who cannot are provided the scarce church subsidy funds.

The negotiated tuition type programs are built on certain of the following assumptions:

1. **Communication**—When people totally understand the objectives, goals, needs (facts) about any subject, they are more likely to respond.
2. **Need to give**—When people have ever so slight an amount of discretionary funds, they will support the self-perceived needy and good causes. Our parishes can count on the good will of their people, if the needs are clearly made known.
3. **Preservation of Catholic education for all**—If static tuition practices are continued with across the board subsidization of all tuition payers equally, the necessary escalating rates of tuition create the serious risks of Catholic school accessibility to only the elite, i.e. those individuals who can afford to pay the tuition rates that must be charged.

When a school is considering a negotiated tuition type program, it usually reviews the definition of the concept. Negotiated tuition is a concept whereby a school official discusses with parents in an interview format the budget cost per pupil and asks the parent how much of that cost per pupil they can pay. The school then proceeds with a strategy for implementation.

A possible strategy for implementation of negotiated tuition for a school is outlined below:

1. **Good will or need to give:** Within the parish community, if people are aware of needs they will, out of a religious need to give, respond.
2. **Commitment of Leadership:** On the part of the school and parish a commitment to the negotiated tuition concept which will utilize Church dollars where they are most needed, allow people to pay based on ability, while affording the school the opportunity to meet with people on a one-on-one basis.
3. **Important Marketing Effort:** Marketing and communication efforts represent a necessary prerequisite to program implementation and usually call for a willingness to spend dollars on this effort. Parents do desire to have their children educated in a Christian environment. However, unless they are aware of the quality of this education, its needs, the facts, financial constraints, and general success stories, their needs go unfulfilled and their willingness to commit additional available

dollars (tax themselves) towards Catholic school costs are minimal. Briefly explained a general marketing program could include:

a. Identify philosophy, statement of purpose
b. Develop general success profile for the school
   1) history
   2) goals and objectives
   3) successes
   4) future plans
c. Identify segments of public being served and target communication to them:
   1) parents
   2) grandparents
   3) alumni

4. **Time Relationship Between Marketing and Negotiation:** Marketing must occur before the negotiating session.
5. **Selection and Training of Negotiators:** Negotiators should be selected based on personal qualifications they possess, *not* selected primarily on the group they represent. The right personality mix for negotiators includes traits often found in a counselor—viz. understanding, mature, responsible, committed, dedicated, sincere, popular and knowledgeable. Properly trained negotiators will become the top sales people for the school.

   Negotiator training can take the form of two sessions. Where in session one, the following could be discussed:

   a. Leadership conviction (school and parish) to concept
   b. Concept with assumptions
   c. School success profile
   d. Curriculum in brief
   e. Negotiator's role as communicator
   f. Questions
   g. Role play—negotiator as communicator to parent in a one-on-one interview session, with a.-e. serving as discussion background.

   Negotiators training session two could include the following:

   a. All of session one recapped in brief
   b. Historical understanding of cost per pupil
   c. Budget projection—financial facts and situation
   d. Questions
   e. Role play—negotiator as communicator to parent in a one-on-one interview session with knowledge of both the *qualitative* school facts (discussed mainly in session one) and the *quantitative* school facts (discussed in session two) and bringing to close the parents' commitment of paying some part of the total cost per pupil.

6. **Communication of Negotiated Tuition Program To Parents:** Actual implementation of the negotiated tuition program with the parents can take many forms. However, it should be stressed that before any interaction with the parents begins, the marketing (informing) program should be completed. A commonly used approach involves three steps:

   a. *Parent Letter.* Pastor or institutional leader sends a letter to parents calling for a meeting to discuss finances. In many cases, the concept is not introduced in the letter but at the meeting. The reason for this approach is that potential for misunderstanding and confusion is significant.
   b. *Parent Meeting(s).* Discuss need for increased revenue and the new concept of negotiated tuition. Trained negotiators can play a role in this educational

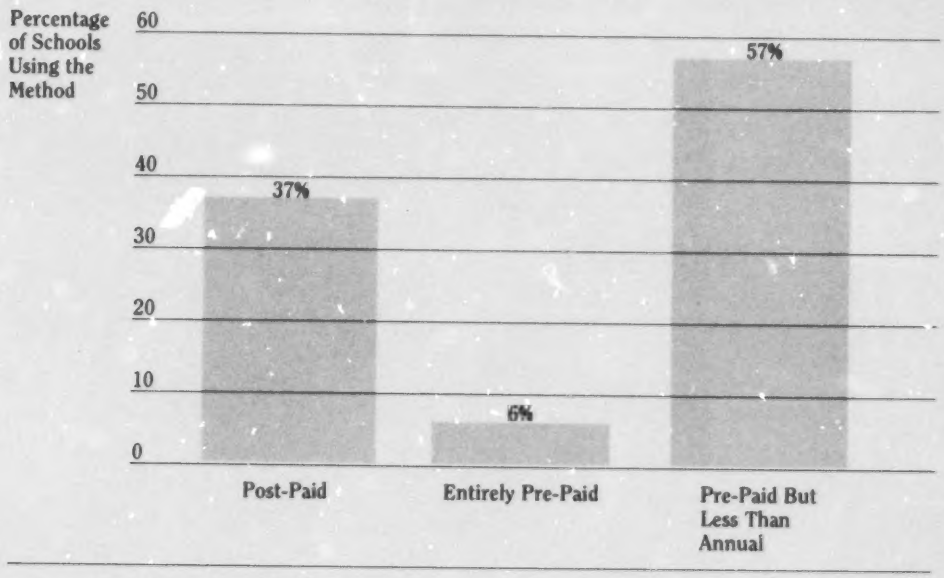
meeting. In many cases, small groups work toward encouraging discussion and questions.

c. *Individualized Negotiating Sessions.* All families that will have children in the school should be scheduled for an interview. This interview session traditionally lasts 10 to 20 minutes with the negotiator reviewing both the qualitative and quantitative aspects of the school and the number of students this family will enroll. Hostesses may be needed so people are comfortable and not waiting. *Confidentiality* should be assured by the set-up of the room. In many cases parents are provided the list of possible negotiators and allowed to choose the one with whom they are most comfortable.

Time of Collection

Equally important to the school's pricing formula for tuition is the time of collection. Many Catholic schools have historically suffered from haphazard tuition collection which inevitably creates a need to alter the pricing formula to recover what is lost in the time of collection. Figure 2 reviews three components of the time of collection: A. post-paid, B. entirely pre-paid by year, and C. pre-paid but less than annual.

Figure 2



Fifty-seven percent of the Catholic elementary schools required pre-paid but less than annual as a method of collection. Thirty-seven percent of the Catholic elementary schools used the traditional post-paid method of collection. Six percent of the Catholic elementary schools used the entirely pre-paid method. The trend in the time of collection could be described as a movement from post-paid to pre-paid less than annually (the present highest percentage for elementary schools) to the relatively new entirely pre-paid method of collection.

Post Paid

Tuition is paid after the educational service has been rendered (very traditional).

Example: Tuition payment schedules are developed so that total tuition should be completely paid by the end of the school year. However, when the tuition owed is broken down into semi-annual, quarterly, monthly, or bi-monthly, payments are rendered after the educational service has been delivered. A common payment card can be found in Appendix C.

Entirely Pre-Paid by Year

Before the beginning of the academic year the entire tuition must be pre-paid.

Example: Pre-paid as simply paying all first is not a complex idea. Its unattractiveness lies in the need to come up with a rather large sum of money early—thought to be especially hard for the middle and lower income people. There is some fallacy in this argument but it seems to be a common perception.

Consequently, pre-paying is often practiced with various combinations and requirements:

- ENTIRELY PRE-PAID
  - Discounted
    1. a percentage of user cost is subtracted for early payment
  - Non-Discounted
    2. commercial borrowing or credit union borrowing
    3. Master Card/Visa
    4. low interest loans

1. ENTIRELY PRE-PAID DISCOUNTED

This is a tuition collection method in which the school, by its traditional collection methods, sets the basic tuition and then gives a discount from that amount for early payment. Early payment is usually defined as sometime before the beginning of the academic year.

The criticisms of such a program are that the rebated tuition amount has to benefit the tuition pre-payers to such an extent that the rebated dollar amount is greater than what the tuition payer could have earned by investing their tuition dollars and post-paying tuition. Another shortcoming of the program is the perception—true or not—that only the rich benefit because only the rich can afford to pre-pay in cash.

However, this criticism discounts the cash flow and investment benefits afforded the school, and therefore all school publics, by entirely pre-paid discounted tuition.

2. ENTIRELY PRE-PAID NON-DISCOUNTED—COMMERCIAL BORROWING OR CREDIT UNION BORROWING

A form of this method occurs when the school sets the tuition by its traditional methods and then sets date for payment prior to the beginning of the academic year. Parents who do not have the requisite dollars are then required to go to lending institutions to obtain the money to pay the school on time. To enforce this, a heavy surcharge for late payment can be added.

There are distinct advantages to this plan. It would seem to relieve school administrators of the entire collection hassle. Since the borrowing could be from commercial banks or credit unions, the rates of increased educational costs for borrowing could be minimized as compared to conventional credit card charges. These increased costs when balanced against the great advantage of not devoting administrator's precious education time to finance, are much minimized.

However, there are drawbacks. The value of the program in terms of the school's ability to lower tuition depends on the investment rates of interest available to the school compounded by the length of time, usually short, that the school can keep the m[illegible] on deposit. Thus, the financial gain to the school will usually be less than the added costs to parents. These added costs are the interest dollars that must be paid to borrow tuition from commercial banks or credit unions on behalf of the parents. Even though a cost savings is realized by the school because of reduced administrative and secretarial demands, such saving is rarely accounted for in the annual budget. This effect makes the education more expensive. Because the education is more expensive, the program again suffers from the appearance—true or not—of favoring the rich.

3. ENTIRELY PRE-PAID NON-DISCOUNTED — MASTER CARD/VISA

A variation on the commercial borrowing pre-paid or the non-discounted pre-paid is to substitute Master Card or Visa for the commercial bank or credit union. While this system has all of the advantages of Master Card or Visa in ease and seemingly painless pre-payment, it has all the drawbacks of those systems. It will take only a modicum of time to train the school secretary to use the systems but the school will be minus the tuition income by using the system just as every commercial user is. Thus, normally the school loses about 3% or 4% of its tuition income as service payment to credit card companies. Also if the parent cannot pay the card system on time, the usual interest card rate presently fluctuates between 18% and 21%. In other words, educational costs to those who cannot afford to pay within one month of the set date increase almost 20%. The whole system suffers from an appearance of harsh commercialization as well as a tinge of supposedly favoring the wealthy who can afford to pay on time. For further information on implementing such a program, it is suggested that you contact your local bank. If it is being seriously considered, all ramifications should be thoroughly understood.

4. ENTIRELY PRE-PAID NON-DISCOUNTED — LOW INTEREST LOANS

This is a tuition collection method in which the tuition payers either: 1) pay the tuition in total to the school, and the money is deposited in a *designated bank*, or 2) borrow the tuition from a *designated bank* by July 1 of the upcoming academic year.

To understand this somewhat complex system, it is essential to set aside preconceived notions about cold, harsh banks intruding into warm Christian communities. It is important to see it as a total system, not just a loan system or a pre-paid cash system. Then, because it is complex and designed to benefit both tuition pre-payers and tuition borrowers, it is essential to comprehend the whole system approach to the concept.

First, it is important to realize that a school, group of schools, or diocese will need a bank to work with on this special financing form of pre-paid tuition. This is not as hard as it sounds. While the program will not generate significant amounts of revenue for a bank, the program can be constructed to be mutually beneficial for school(s) and financial institutions. This becomes more true as a pool of schools using the system grows. It also generates new customers for banks. A copy of a sample agreement with a bank is included in Appendix D.

All pre-paid systems are like the water at Niagara Falls. Long before the power of that water was harnessed to make electricity, it flowed over the falls untapped. Only after harnessing it, making it work for us, could we collect energy from it. The energy generated from the Falls far outweighs the cost of obtaining that energy. Likewise, the total benefits of pre-paid tuition must outweigh the costs to make it even a considerable program. Thus, all pre-paid tuition combinations share the feature of attempting to

maximize the income on each tuition dollar. However, what makes the pre-paid tuition program with low interest loans special is that it reduces the cost to the borrower and the level of necessary benefits to overcome costs are therefore also reduced.

In this pre-paid method, on registration day parents choose to pay tuition in cash by July 1, or finance tuition amount for ten months beginning on July 1. For those who borrow the tuition from a designated bank, they do so under a *special financial agreement* arranged by the school. This special financial agreement has three circumstances: 1) tuition monies are financed for ten months, not 12 months; 2) interest rates for those who finance are substantially below current commercial rates; and 3) interest is calculated on the declining balance and not paid first. In any case, the school has all the monies working for them beginning on July 1.

For those who finance, at least in the first year, it is assumed that if they are registered in the school, they are then granted the loan. This special financing arrangement is modeled after the National Student Loan Program and is the heart of the most commonly used form of pre-paid tuition in Catholic schools in the United States.

Even when you add on the interest that people who finance pay, it is still cheaper for them than the post-paid method. An example will be needed to demonstrate this. Let us take a fictitious school which has 300 students and a tuition of $300 or $90,000 annually in student receipts.

Figure 3

How Pre-Paid Tuition Can Be Economically Advantageous for Parents

300 Students	×	$300 Tuition	=	$90,000 Student Receipts (Pre-paid Tuition)

This $90,000 can be accumulated by payment in advance in cash, which will earn interest income at a rate currently at about 8.5% which fluctuates monthly (a commercial rate for large deposits but not impossible to get), or the financed tuition dollars will earn at 1% less than the rate set for the parents. If the financed rate for parents is 10%, the school will earn 9% on the monies. From places where the system is in use, it has been learned that 50% of the parents traditionally pre-pay in cash and 50% of the parents will require special financing. Figure 4 further illustrates the above mentioned distinction of pre-paid cash, and pre-paid financed monies, as well as their rates of interest income for the school.

The investing of tuition monies to create interest income for the school consists of two parts. One, the *cash* portion, and two, the *financed* portion. These two pools will earn returns at different rates. The cash portion is invested in 30 day C.D 's/repurchase agreements/insured money markets that provide the highest current rate available. The investment vehicle chosen must provide: 1) the highest possible return, 2) high liquidity, and 3) insurance or security of funds. The financed monies earn for the school at a rate of 1% less than the rate set for the parents.

Figure 4

$90,000 Student Receipts Paid in Advance by Either:

Pre-pay in cash	or	Financing
Earning at 8.5% (fluctuating)		Earning at 9% (fixed)

Historically, 50% financed, 50% pre-paid in cash.

A simple system for predicting interest income can be learned from schools and/or dioceses that have the system in place. At the rates of 8.5% and 9% (remembering the short time the money is on deposit because both the cash portion and the loan portion are drawn down from the end of September on) a 6% average yield can be anticipated or $5400 for the fictitious school. This is a mathematically derived average based on the rates of return and time of investment (equal monthly incremental draws are anticipated) as highlighted in Figure 5.

Figure 5

Predicting Interest Income:
1. Time money is on deposit 2. Rates of return
Mathematically 6% average yield $5400 interest income.

This $5400 divided among the 300 students is $18 per student less in tuition needed. (Figure 6) In other words, our fictitious school would have to raise the tuition $18 per student to generate the same monies as this pre-paid system. A loan of $300 at 10% (low interest) yielding on this system 9% to the school, costs only $13.90.

Figure 6

$5400 Interest Income ÷ 300 Students =
$18 Per student tuition raise needed to generate same amount of dollars.
Loan of $300 at 10% for 10 months would require only $13.90 in interest.

Figure 7

	Cost to Parents	Revenue Generated to School
Pre-pay Cash	0	$18
Financed	$13.90 (Interest payment deductible)	$18

At present we have not really demonstrated that this system is cheaper, only that it costs $13.90 to generate $18. (Figure 7) But let us suppose, as described in Figure 8, that our fictitious school needs new income amounting to an arbitrary dollar figure of $11,400 for the next school year. $11,400 divided by the 300 students would be $38 per student. On the traditional post-paid method that is what would happen. (Figure 8, program 1.) But if the school switched to this system of pre-paid, it could raise tuition $20 per student and not $38. For parents who finance as well as for parents who pre-pay in cash, this system will be less expensive than the tuition increase only program.

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Figure 8

Assuming School needs $11,400 (arbitrary) in new income for the next school year, or $11,400 ÷ 300 students = $38 per student increase needed

Program	For Parents	For School
1. Tuition Increase Only (Per Pupils)	$38 Per Pupil Tuition Increase	$38 Per Pupil Revenue
2. Pre-paid Tuition + Tuition Increase (Per Pupil)		
A. Pre-pay Cash	$20 Tuition Increase/ Per Pupil	$38 Revenue Per Pupil
B. Financed	$20 Tuition Increase/ Per Pupil + $14.50 Interest Payment/ Per Pupil = $34.50	$38 Revenue Per Pupil*

*Plus delegation of accounting, recording, investing, and collecting tuitions.

Thus, all those who pre-paid in cash would generate $338 or $38 more because of the $20 increase and the $18 in interest income. Those who financed would pay $320 in tuition plus $14.50 in interest (at 10% declining balance) or a total of $334.50 or less than the $338 needed if the school had stuck with the traditional system and required a $38 per pupil tuition increase.

The designated bank is chosen by the school as its agent. Since it really becomes the financial intermediary, as in the National Student Loan Program, it will charge the interest the school or schools as a whole decide on. As the school's agent, the bank really dictates how the financing will be handled. The school, of course, gets most of the interest income.

Once the monies are collected, the school uses its budgetary process to determine how much of the money they will need to meet their financial obligations on a monthly basis. The school is then furnished with money.

The disadvantage of this system is the complexity of it. It is hard to sell, especially if you are the first in the area to implement it, even though it works. But the greatest advantage is that like all pre-paid systems, it gets educators out of the finance and collection business. Its extra advantage over other pre-paid systems is that it is less expensive for all parents, minimizes tuition and finance costs, thus maximizing accessibility of the school.

The entire program was the brain child of Mr. Leonard Fine of the Archdiocese of New Orleans. It is now used in over one-third of the schools in the Diocese of Toledo, Ohio.

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PRE-PAID BUT LESS THAN ANNUAL

Paid ahead by quarter, month, week, etc.

Example:
School _____

Family Name _____

STUDENTS	TUITION
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

All tuition schedules must be totally paid up prior to the education in that period of delivery.

	TOTAL TUITION	SCHEDULE	PAYMENT	DUE
Semi-Annual	$_____	÷ 2 =	$_____	Sept., Jan.
Quarterly	$_____	÷ 4 =	$_____	Sept., Nov., Jan., March
Monthly	$_____	÷ 10 =	$_____	Sept.-June
Bi-Weekly	$_____	÷ 20 =	$_____	
Weekly	$_____	÷ 40 =	$_____	

Determining Group

The Catholic school administrator is often interested in not only the time of collection alternatives but also in the determining group. The determining group is simply the group that determines or decides the pricing formula and the time of collection. There appear to be three significant possible groups that would be responsible for the time of collection decision. These are: 1) chief administrator determines a flat rate, 2) chief administrator determines according to parent/guardian income, and 3) parents assist in determining.

In reviewing the data of over 3,300 Catholic elementary schools, the following bar charts can be developed to show the determining group for the three possible time of collection alternatives—post-paid, entirely pre-paid by year, pre-paid but less than annual:

Figure 9

Post Paid for Elementary Schools and Determining Group

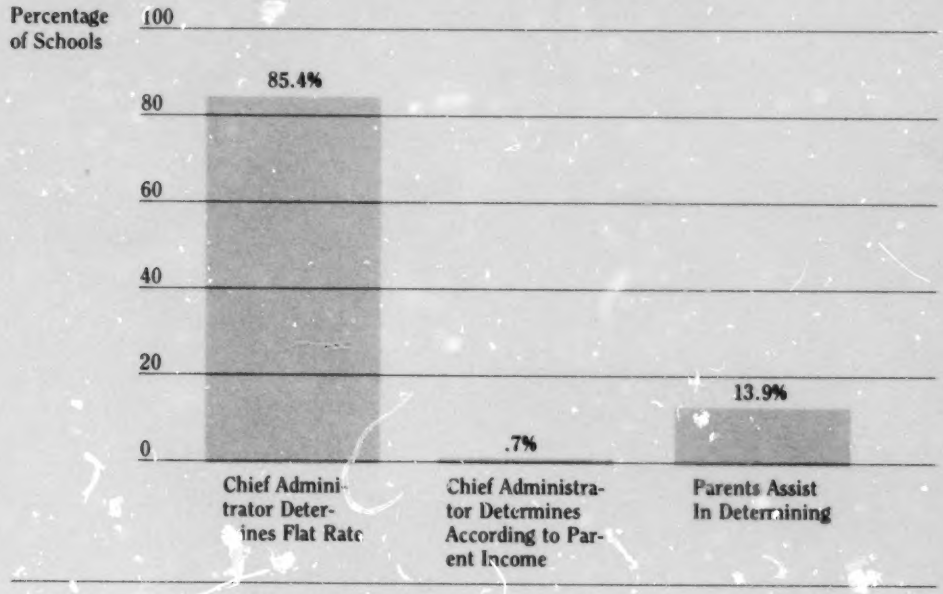

Figure 10

Entirely Pre-Paid by Year for Elementary Schools and Determining Group

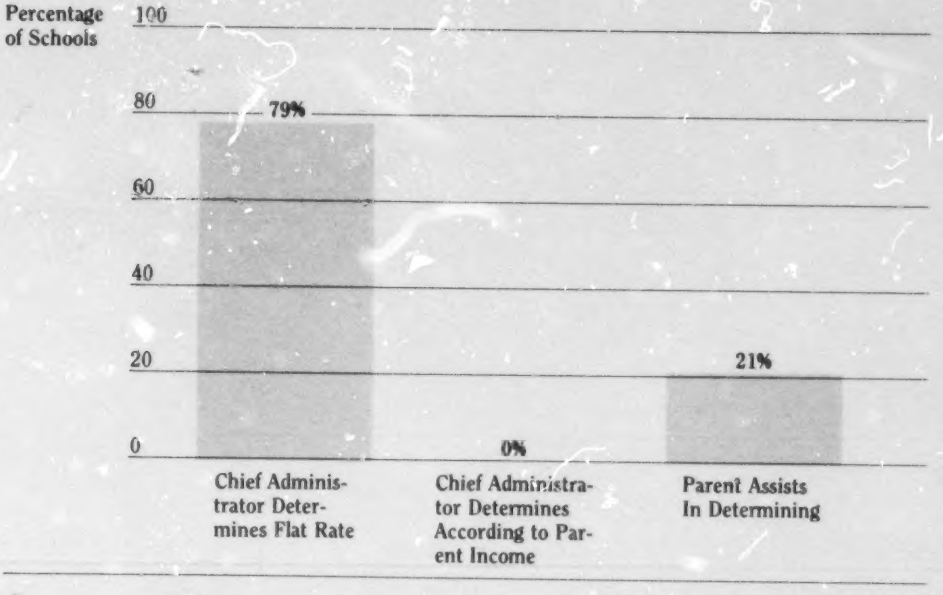

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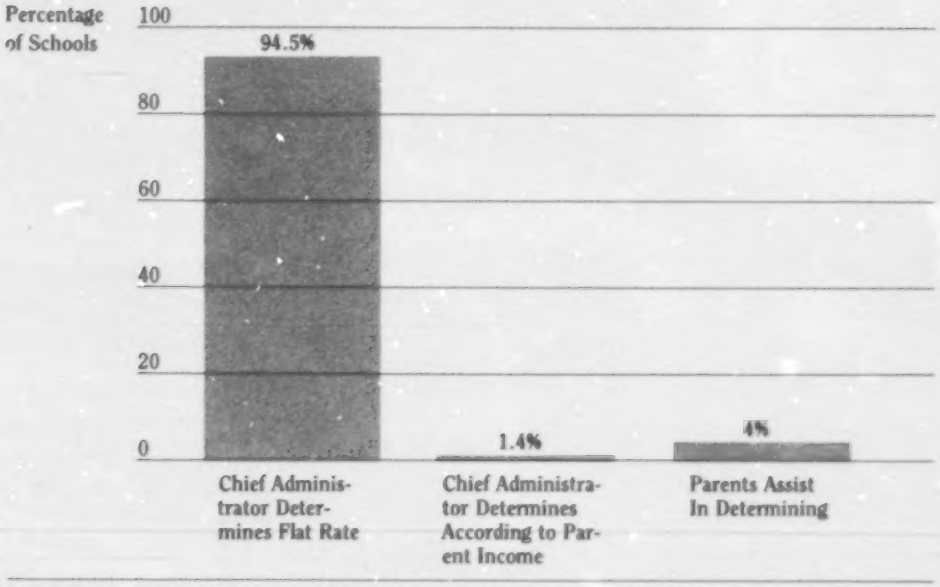
Figure 11

Pre-Paid But Less Than Annual for Elementary Schools and Determining Group



Without question the most common practice of tuition decision making is vested with the Catholic school, whereby the *chief administrator determines a flat rate* of tuition. This is true for 85% of the schools using post-paid, 79% of the schools using entirely pre-paid by year, and 94.5% of the schools using pre-paid but less than annual. Chief administrators who determine tuition rates *according to parent income* appear to represent the most uncommon approach to deciding tuition rates, with .7%, 0% and 1.4% for the time of collection categories of post-paid, entirely pre-paid, pre-paid but less than annual.

When the determining group is identified as *parents assist in determining*, there is some variance between the percentage of schools using that method and the time of collection.

Schools on the post-paid time of collection have 13.9% of the schools allowing parents to assist in determining the tuition rates, with 21% of the entirely pre-paid allowing parental assistance, and only 4% for pre-paid but less than annual.

In conclusion, the vast majority of Catholic schools remain locked in the simplest tuition, namely a chief administrator determined flat rate which parents are allowed to pay whenever they can. As economic pressures on schools increase and as business manager types become dominant in our parishes, it would seem safe to guess that more complex and sophisticated methods will gradually increase. But until such times as the U.S. puts itself in line with all other western democracies, like Australia or Canada, American Catholics and their schools will continue to struggle with tuition.

Appendix A

Sample Registration Form

To be completed prior to the interview.

PARENTS (GUARDIANS) _____

ADDRESS _____
Street City Zip Code

TELEPHONE _____

NAMES OF STUDENTS:

Attend St. ____ Next Year	School Attended Current Year	Grade Next Year
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

Appendix B

Sample Negotiation Form

To be completed at the interview.

We pledge the following amount in support of the total cost. $ _____ .

We ask St. _____ Parish to subsidize us $ _____ .

Our pledge will cover approximately _____ % of the total cost.

We ask St. _____ Parish to subsidize approximately _____ % of the total cost.

A $50.00 registration fee per family is payable at negotiation/registration. This fee is non-refundable but will be applied to the total pledge.

METHOD OF PAYMENT			APPROXIMATE AMOUNT EACH PAYMENT
___ Yearly	One Payment	Due September 10	_____
___ Semester	Two Payments	Due September 10, January 10	_____
___ Quarterly	Four Payments	Due September 10, November 10 January 10, April 10	_____
___ Monthly	Eight Payments	Due 10 of each month- September thru April	_____
___ Monthly	Twelve Payments	Due 10th of each month- May thru April	_____

Payment of registration fee: Check _____

Cash _____

Received by: _____

Signatures of Parents/Guardians _____

_____

Date _____

Signature of Negotiator _____

Date _____

Appendix C

Sample Post-Paid Tuition Card

SCHOOL _____ CITY _____

ADDRESS _____

FAMILY NAME _____

Students	Grade
_____	_____
_____	_____
_____	_____
_____	_____

Total Tuition for all students in Family: $ _____

Total Tuition ÷ 2 semi-annual payments = $ _____ (Due January, June)
÷ 4 quarterly payments = $ _____ (Due November, January, March, May)
÷ 10 monthly payments = $ _____ (Due monthly)
÷ 20 bi-monthly payments = $ _____ (Due bi-monthly)
÷ 40 weekly payments = $ _____ (Due weekly)

Appendix D

Student Pre-Paid Tuition Program Agreement

THIS AGREEMENT made this _____ day of _____, 1983, by and between The ABC Trust Company (hereinafter referred to as "Bank") and _____ _____(hereinafter referred to as "School");

WHEREAS, School wishes to join with other participating schools and to provide to parents of its students a program for tuition financing, and

WHEREAS, Bank desires to provide a tuition loan service to parents of School students, and an investment plan for tuition proceeds to School, and

WHEREAS, the above can be combined into a total and comprehensive prepaid tuition program with each part of this plan being interdependent with and supporting the other,

NOW THEREFORE, in consideration of the mutual desires of the parties, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Financing.* Upon application by a parent or guardian of a School student, Bank shall finance 100% or any lesser amount of the current School year's tuition fee, as established by School. The interest rate upon said loan shall be 11% annual percentage rate.

2. *Term Of Loan.* Each loan shall be payable over a 10-month period, with the first payment due July 6, 1983, and the final payment due April 6, 1984. Any loan may be prepaid, and finance charges shall be rebated pursuant to the terms of the Note attached hereto and marked Exhibit A, waiving the $10.00 acquisition fee stated in said Note.

3. *Later Loans Included.* Any application for a tuition loan received after June 6, 1983, shall be granted under the terms of this Agreement, with the exception that the term of the loan shall be decreased, maintaining a final payment date of April 6, 1984, in every case.

4. *Establishment Of Loan And Cash Investment Accounts.*

a. *Loan Investment Account.* Tuition loan proceeds shall be credited to the School's Account no later than July 7, 1983 and invested as hereinafter agreed in paragraph 8.

b. *Cash Investment Account.* Cash tuition proceeds shall be tendered by the School to the Bank on or before July 7, 1983, deposited in the School's Cash Investment Account and invested as hereinafter agreed in paragraph 9.

5. *Procedures In Case Of Loan Default.* School hereby agrees to guarantee repayment of all loans to parents or guardians of its students made hereunder. School waives presentment for payment, demand, notice of default, notice of dishonor, protest, and notice of protest. Bank shall notify parent when a payment is 10 days past due, and shall provide to School a monthly list of past due loans. Bank shall notify School of any Note becoming 60 days delinquent, provide the net balance due, and request handling direction and collection assistance from School. Upon any Note becoming more than 90 days delinquent, School authorizes Bank to reduce School's next monthly payment to take into account the net balance due on any such Note and Bank shall thereafter assign and transfer all right, title, and interest therein to School for collection. Bank agrees to make loans without credit investigation, but will provide limited credit investigation upon request of School.

6. *Bank Obligations.* Bank agrees to provide all forms and documents to School necessary to complete the Note forms and to operate the Student Tuition Financing Program, to provide personnel at mutually agreeable times to take loan applications, assist in budget planning and investment decisions, and to process all loan applications prior to making the loans hereunder. Bank agrees to indemnify and hold School, its School board members, agents, and employees, harmless from any and all claims, losses, suits, judgments, liabilities, and expenses arising from or related to Bank's failure to provide lending documents which comply with applicable state and federal statutes and regulations.

7. *School Operation Account.* Bank and School agree to establish and maintain a School Operation Account, being a NOW Account with the same interest rate and charges as other NOW Accounts offered by Bank.

8. *Loan Investment Account.* Bank agrees to establish a Loan Investment Account on behalf of Catholic School Services, into which all participating schools will pool the tuition loan proceeds. School hereby authorizes Bank to deposit its tuition loan proceeds in said Loan Investment Account, and to pool them with other such proceeds from other participating schools. School's interest in such Account shall be the total tuition loan proceeds deposited in such Account to School's credit on or before July 7, 1983, and a share of interest proceeds accruing thereon proportionate to the amount of its tuition loan proceeds then on deposit. The Loan Investment Account shall be invested by Bank in 10 repurchase agreements or certificates of deposit bearing interest at a rate of 10% per month on the outstanding deposit balance. This rate has been negotiated at 1% less than the rate established for the student tuition loans. Said repurchase agreements or certificates of deposit shall mature every 30 days, beginning July 7, 1983. On such date, and each 30 days thereafter, Bank shall automatically transfer 10% of the tuition loan proceeds deposited to

continued

Student Pre-Paid Tuition Program Agreement

Continued

School's credit and School's proportionate share of accrued interest to the School Operation Account, and notify School of the amount credited, until the Loan Investment Account shall be totally repaid to participating schools. School shall have no right or authority to withdraw any funds from the Loan Investment Account except as provided above.

9. *Cash Investment Account.* Bank agrees to establish a Cash Investment Account on behalf of Catholic School Services for deposit and investment of the proceeds specified in paragraph 4 hereinabove. Should less than $100,000.00 cash in the aggregate be pooled on or before July 7, 1983, then the Cash Investment Account shall not be created, and Bank agrees then to offer to each participating school such alternative investment Accounts at competitive rates for cash deposits as may be permitted by applicable law and regulation. If an aggregate of $100,000.00 has then been pooled, said Cash Investment Account will be created, and the amount of funds pooled shall be transferred by the Bank from the School Operation Account to the Cash Investment Account on July 7, 1983. Bank shall invest such funds in 30-day repurchase agreement(s) maturing each 30 days thereafter. Said repurchase agreement(s) shall bear interest at the announced 30-day rate then available at Bank for instruments of similar amount and maturity. Upon at least 3 business days' notice by School prior to the monthly maturity date, or as otherwise mutually agreed, Bank shall transfer any percentage of the funds previously deposited by School and School's proportionate share of interest accrued to said Cash Investment Account until all funds in the Cash Investment Account have been paid. School may transfer funds between the operation and Cash Investment Account as desired.

10. *Duration Of Agreement.* The Loan Investment Account provisions of this Agreement shall expire on June 6, 1984, unless renewed in writing upon terms mutually agreeable to the parties prior to that date.

11. *Construction And Nonassignment.* This Agreement shall be construed according to the laws of the State of ZZZ and shall not be assignable by either party except on the written consent of the other.

12. *Amendment.* This Agreement may be modified or amended only by a written instrument signed by both Bank and School.

13. *Commercially Reasonable And Bona Fide Standards.* Bank and School recognize that this Agreement is a novel, experimental, and innovative effort without clear written antecedents, through which they hope to work jointly toward mutually beneficial ends. School acknowledges that Bank has waived various minor fees and charges to maximize the prospects of financial and investment benefit for the School. Each party covenants to exercise the utmost good faith, flexibility, and fair dealing with the other if unforeseeable or unanticipated events arise in the course of the term of this Agreement. School acknowledges that Bank has agreed to wait until after 2 years' experience with the program to establish more precise commercially reasonable standards, if necessary.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute this Agreement on the date first above written.

THE ABC TRUST COMPANY (Bank)

By _____

Title _____

_____
(School)

By _____
(Pastor)

By _____
(Principal)

Appendix E

Tuition Programs

Contact Diocese or School for Further Information

Program	Page Reference	Contact For Further Information
1. Parent Income Weighted Tuition	p. 64	Fr. Walter Brunkan Columbus High School 3231 W. 9th St. Waterloo, Iowa 50702 (319)233-3358
2. Negotiated Tuition/ Fair Share Tuition	p. 64	Mr. Michael Franken Catholic Education Vicariate 200 Josephine Street Denver, Colorado 80206 (303) 388-4411
3. Entirely Prepaid Discounted	p. 68	Mr. Robert Smith Central Cath[illegible] High School 2550 Cherry Street Toledo, Ohio 43608 (419) 255-2280
4. Entirely Prepaid Non-Discounted With Commercial Borrowing	p. 68	Rev. John A. Thomas, Ph.D. Superintendent of Schools 436 West Delaware Avenue Toledo, Ohio 43610 (419) 255-8282
5. Entirely Prepaid Non-Discounted With Low Interest Loans	p. 69	Mr. Leonard Fine Archdiocese of New Orleans 7887 Walmsley Avenue New Orleans, Louisiana 70125 (504) 861-9521

Chapter 4

LONG-RANGE PLANNING

by Richard J. Burke

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Introduction

Long-range planning is not simply a necessary component of good development and effective budgeting. Planning is critically important to the ability of Catholic schools to survive and to flourish through the 1980's, 1990's and beyond. It is an exercise of prudence, leadership and vision. Planning both articulates the goals of Catholic education for the school and organizes all available resources into a plan to attain those goals. Long-range planning as an act of true Christian stewardship strives to preserve and to pass on to future generations the treasure of vital Catholic educational institutions.

As budgets are considered a financial expression of the institution's priorities, so too, long-range plans are meant to express the priorities and projections of the school in the areas of enrollment, curriculum, staffing, facilities, finance and development.

It is essential that all considerations in each of the above planning areas be based on and tied to the school's philosophy. *To Teach As Jesus Did* (1972 Pastoral Message of the American Bishops), *The Catholic School* (1977 Statement of the Vatican Congregation for Catholic Education) and diocesan policies and guidelines form the basis for each school's revised philosophy.

As our society continues to experience rapid and frequent changes, long-range planning for elementary schools is increasingly of paramount importance. Long-range planning helps Catholic elementary school administrators avoid crises situations and last-minute decision making. The five-year plan process outlined in this chapter is designed for maximum participation. It is structured to allow problems and opportunities to be anticipated in advance.

Use of the long-range plan process described in this chapter assumes that the school has a good bookkeeping system and can obtain statistical and financial information on a timely basis. However, it assumes that the bookkeeping system is used not simply to record historical data, but to allow administrators and board members to monitor and manage the school's operations.

Roles and Responsibilities

The long-range plan process described in this chapter is designed to be implemented with the involvement of the pastor, principal and school board. Specific roles are outlined for each.

The Pastor's Role

From a financial management point of view, the pastor's role with regard to the parish school is clearly defined in Canon Law. He is canonically responsible for the fiscal operation of the parish, including the parish school. In short, he is ultimately responsible, at the parish level, for the overall management functions. While his responsibility is huge, the pastor is encouraged, under the principle of subsidiarity (that principle which holds that no decision should be made at a higher management level when it can effectively be made at a lower hierarchical level) to delegate duties and responsibilities. It is, in fact, this delegation which brings to light the role of other individuals and groups.

Given this premise, the pastor's primary responsibility is to commission the preparation of a formal, long-range plan. This is usually done in writing to the school board and principal, followed by a personal presentation by the pastor to the principal and board members. With the planning process underway, the pastor offers his candid input to the board with regard to parish finances, parishioner attendance trends, and parish goals and directions. It is, of course, most helpful if the pastor outlines any "non-negotiables" at the onset of the planning process.

The Principal's Role

It is the role of the principal, as the school's administrator, to initiate the planning process and to guide it to completion. While the pastor and school board are involved in the planning process throughout, the principal's primary role is that of catalyst. The suggested chronology for the planning process outlined in this chapter details the main steps in the process and the activities involved for the principal and board members.

The School Board's Role

The primary role of the school board is to receive input from the school's faculty and administration, to discuss and test options, and to develop assumptions that will be included in the long-range plan. The school board should at all times work to place assumptions within a policy framework, and not become involved in the administrative tasks of operating the school.

Plan Format

The long-range plan (five-year plan) is designed not only to provide a direction for the school, but also a historical perspective for that direction. As a result, the narrative section of the long-range plan should be completed in such a way that each major topic area discusses the historical perspective, the current situation, and the assumptions which have been adopted for the future. In short, the narrative should attempt to answer these questions:

- Where have we been?
- What factors have influenced our historical development?
- Where are we today and why?
- Where are we going and why?
- How are we going to get there?

Each of these questions should be related to the philosophy of Catholic education generally and to the individual school particularly. In addition, the narrative should support the projections made in each section of the plan (enrollment, curriculum, staffing, facilities, finance and development).

Again, it should be emphasized that care should be taken during each phase of the plan's creation, to involve various individuals who have particular interest in, and responsibility for, that section of the plan.

Developing the Long-Range Plan

The following suggested chronology and back-up forms may be used by individual school boards and principals for developing a comprehensive long-range plan.

Month	Person Responsible—Task
July	*Principal*—Set aside time for dreaming and goal setting. What problems and opportunities exist for the school? What should it be doing better? What ought it to emphasize now to be more faithful to its philosophy?
August	*Principal/Board Chairperson*—Issue recommitment invitation to Board members. Make committee assignments. *Note:* During initial year, provide board members with *To Teach As Jesus Did, The Catholic School, Teach Them*, and the school's philosophy. Arrange and conduct Board Preservice Program—include discussion of: • Philosophy • Roles and Responsibilities • Distinction between policy making and administration

Month	Person Responsible—Task
	Pastor/Principal—Pastor and principal issue letter to board commissioning long-range plan.
September	***Principal/Board Chairperson/School Board***—Convene board or long-range plan development committee. Review basic assumptions, constraints and timetable. Administrator shares dreams, problems and possibilities for school with board. Board reviews school position in light of documents listed above, diocesan goals and school philosophy.
October	***Principal with School Board***—Board reviews enrollment history and enrollment mix. It begins creation of narrative, citing reasons for enrollment changes. (Appendix A & B) ***Enrollment and/or Data Committee*** • Collect and study prior five year enrollments by grade (Appendix A) and by religious category (Catholic parishioners, Catholic non-parishioners, non-Catholics) (Appendix B). • Collect and study baptismal records for parish(es) for last five years. • Compare baptismal records to "Parishioner enrollment" for appropriate years. • Secure pertinent data from local public school officials concerning population trends in public school enrollment projections. • Secure population trend information from Census Bureau, Chamber of Commerce and telephone company. • Build a five-year enrollment projection based on all of the above. The projection should list enrollments first by grade and then by religious mix. Be sure to consider current demographics, trends, health and fire codes as well as class size. (Appendix C) • Outline plans for market research as required.
November	***Principal with Board***—Board prepares enrollment projections for five years by grade level with accompanying narrative. (Appendix C) A marketing plan for school "image" and enrollment should accompany enrollment projections in order to insure ability to achieve projections. (See *Catholic School Management Letter*, Volume I, 3 and *Momentum*, May, 1979, pages 42-45.)
December	***Principal/Faculty***—Curriculum section of five-year plan to be completed by principal and faculty and presented for review by board. • Review and revise the school philosophy in light of *To Teach As Jesus Did*, *The Catholic School*, other documents cited including diocesan guidelines. • Review current curriculum in light of diocesan guidelines and build a five-year plan for curriculum, updating as necessary. • Include assumptions concerning textbooks (purchasing and replacement), library books, workbooks, equipment, teaching aids, audio-visual equipment, laboratory supplies, etc. • Build a catalog of investment opportunities based on the dreams of the principal and staff. (See *Catholic School Management Letter*, Volume IV, 3) • Evaluate program offerings including specialized areas; e.g., Physical Education, Music, Art, etc.

Month	Person Responsible—Task
January	*Principal*—Principal, by reviewing current personnel records on all teachers prepares an historical perspective and overview of current staffing situations, including qualifications, experience, salary, benefits, etc. This perspective is reviewed by the Board. (Appendix D). Principal reviews staffing assumptions for next five years and prepares a summary for board. (Appendix E) *Principal/Pastor/Board*—Based on enrollment and staffing assumptions, the principal and board prepare a five-year projection for staffing by grade and/or department. Assumptions should be made in the areas of salaries and fringe benefits.
February	*Principal/Pastor Board Facilities Committee*—Initial plan for plant and facilities should be completed by a subcommittee of the board working with the principal. • Make a complete survey of all physical facilities available, including school buildings, residences and grounds. Based on current fire and health codes, list all necessary and desirable repairs and capital improvements. • Develop a five-year plan to complete improvements. Include cost estimates. Survey should be specific as to the number of classrooms and specialized areas to be utilized. • Build a catalog of investment opportunities based on capital improvements and repairs to buildings, grounds, furniture and equipment. (See *Catholic School Management Letter*, Volume IV, 3)
March	*Principal/Pastor Board Finance Committee*—Review school costs for the last three years using annual reports. • Insure that all line items are exclusively those of the school, and are not attributable to other parish or religious education programs. • Develop an expenditure budget based on enrollment, curriculum, staffing, and plant and facility considerations. (Financial growth assumptions should be clearly stated in footnotes or in the assumptions section of the plan.) Include provision for some level of student assistance. (Appendix F)
April	*Principal/Pastor Board Finance Committee*—Develop a five-year income plan with realistic assumptions in the areas of tuition, subsidies, traditional fundraising, and investment opportunities. (Appendix G). Create a five-year development plan. (Appendix H)
May	*Board*—Review the completed five-year plan including projections and accompanying narrative in the areas of philosophy, enrollment, curriculum, staffing, plant and facilities, and finances and development. • Approval of five-year plan by board.

Month	Person Responsible—Task
June	*Principal/Board*—Preparation of summary "Case Statement" and Development Plan, based on five-year plan, to be used in promoting the school to various publics. (*Note:* may take more than one month.) (See *Catholic School Management Letter*, Volume V, 2) • Identify Case Statement. Summarize history, philosophy, vision and objectives of school, in a manner that invites credibility and investment. This statement should stress the unique and desirable characteristics of the total educational program, especially through elements related to its identity as a Catholic school. Identify for past five years: • Alumni relations • Public relations • Special gifts • Publics being served • Endowments • Foundation grants • Business/Industry participation • Estate Planning (bequests) • Insurance gifts • Fundraising projects • Identify priorities for next five years. • Project realistic involvement and dollar increase to support Finance Committee projections. • Establish appropriate committees to respond to five-year priority selections. *Note:* It is assumed that in fulfillment of the planning role assigned to him/her above, the principal will involve the faculty, through frequent consultation and other appropriate ways.

Using the Long Range Plan

With the five-year plan completed, it becomes a basic guideline document for the principal, pastor and board. The plan should be reviewed, refined and updated on an annual basis, so that it continually looks four years into the future.

It should be pointed out that the full five-year plan is not designed for "public consumption." For that purpose, a "Case Statement" based on the five-year plan should be prepared which summarizes the assumptions made in each of the areas including enrollment, curriculum, staffing, plant finance, and development. The philosophy and mission statement of the school should also be clearly stated.

It is, of course, understood that every effort should be made during the planning process to insure that the curriculum and all aspects of the plan are reflective of the philosophy, and that the values of Catholic education are well integrated with the curriculum.

From the school board's point of view, the long-range plan becomes the guiding document from which annual budgets are developed. These budgets should, on an annual basis, be based on and reflective of the school's long-range plan.

Finally, five-year planning should be seen, not as an end in itself but as a prerequisite to, and a part of, good development, and as an important help to the school in attaining its goals.

Annual Update of Long-Range Plan

It is essential that the five-year plan be annually updated in each succeeding year. In order to simplify the annual update, all of the data used to prepare the plan must be carefully documented and available for future use.

In order to insure that the projections are updated annually, it is recommended that the school board formally adopt a policy requiring that the update take place. During the updating process, every effort should be made not only to develop an additional year's projection, but also to revise and to refine the assumptions used throughout the plan.

Appendix A

Enrollment History

(School Name, Town) _____

Grade	1980-81	1981-82	1982-83	1983-84
Pre K				
K				
1				
2				
3				
4				
5				
6				
7				
8				
TOTALS				

Appendix B

Enrollment Mix

(School Name, Town) _____

Category	# of Children Per Family		1984-85 # of Families		1984-85 # of Children	Number of Children 1985-86	1986-87	1987-88	1988-89
Parishioners	1	×	_____	=	_____	_____	_____	_____	_____
	2	×	_____	=	_____	_____	_____	_____	_____
	3	×	_____	=	_____	_____	_____	_____	_____
	4	×	_____	=	_____	_____	_____	_____	_____
	5 or more	×	_____	=	_____	_____	_____	_____	_____
			SUB-TOTAL		_____	_____	_____	_____	_____
Catholic Non-Parishioners	1	×	_____	=	_____	_____	_____	_____	_____
	2	×	_____	=	_____	_____	_____	_____	_____
	3	×	_____	=	_____	_____	_____	_____	_____
	4	×	_____	=	_____	_____	_____	_____	_____
	5 or more	×	_____	=	_____	_____	_____	_____	_____
			SUB-TOTAL		_____	_____	_____	_____	_____
Non-Catholics	1	×	_____	=	_____	_____	_____	_____	_____
	2	×	_____	=	_____	_____	_____	_____	_____
	3	×	_____	=	_____	_____	_____	_____	_____
	4	×	_____	=	_____	_____	_____	_____	_____
	5 or more	×	_____	=	_____	_____	_____	_____	_____
			SUB-TOTAL		_____	_____	_____	_____	_____
			TOTAL ENROLLMENT		_____	_____	_____	_____	_____

Appendix C

Enrollment by Grade

(School Name, Town) _____

Grade	Grade 1984-85	Projections 1985-86	1986-87	1987-88	1988-89
Pre K					
K					
1					
2					
3					
4					
5					
6					
7					
8					
TOTALS					

Appendix D

Staffing Detail

(School Name, Town) _____

Name	Grade/Subject Taught	Professional Preparation and Interests	Certification YES	Certification NO	Current Salary	Year Started Teaching	Year Started In School

Staff Benefit Detail

(Check appropriate columns)

(School Name, Town) _____

Name	Grade/Subject Taught	Medical B/C Single	Medical B/C Family	Medical B/S Single	Medical B/S Family	Major Medical Single	Major Medical Family	Life Ins.	Retire.	TSA	Other Coverage Provided by School

Appendix E

Staffing by Grade

(Number of Teachers per grade and Salary)

(School Name, Town) _____

Grade	Actual				Projections											
	1984-85				1985-86				1986-87				1987-88			
	Religious		Lay		Religious		Lay		Religious		Lay		Religious		Lay	
	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)
Pre K																
K																
1																
2																
3																
4																
5																
6																
7																
8																
Principal																
Others																
TOTALS																

Appendix F

School Expenses

	Actual	Projections			
	1984-85	1985-86	1986-87	1987-88	1988-89
INSTRUCTIONAL SALARIES (Exclude employer's share of Social Security)					
a. Lay teachers & lay principals					
b. Religious teachers & principals					
c. Substitutes					
d. Social Security (Employer Share)					
e. Lay Emp. Benefit Program (Employer Share)					
f. Unemployment Compensation					
TOTAL of: a, b, c, d, e, f					
INSTRUCTION—OTHER					
a. Textbooks & Workbooks — secular					
b. Textbooks & Workbooks — religious					
c. Library books & supplies					
d. Teaching supplies & AV supplies					
e. Office supplies & expense					
TOTAL of: a, b, c, d, e					
OPERATIONS, SALARIES					
a. Custodian					
b. Office Staff					
TOTAL of: a, b					
OPERATIONS, OTHER					
a. Fuel					
b. Electricity, water, gas, phone					
c. Custodial supplies					
d. Custodial services (Contracted)					
TOTAL of: a, b, c, d					
MAINTENANCE					
a. Building repairs					
b. Scheduled maintenance					
c. Repair & replacement of furn., equip.					
TOTAL of: a, b, c					
FIXED CHARGES					
a. Property Insurance					
b. Pupil insurance					
c. Teacher Inservice					
d. Other fixed costs					
TOTAL of: a, b, c, d					
STUDENT SERVICES					
a. Cafeteria — Milk Program					
b. Extra-curricular activities					
c. Other — miscellaneous					
TOTAL of: a, b, c					
TOTAL SCHOOL EXPENSES	$	$	$	$	$
TOTAL CONVENT EXPENSES (cf. p. 97)	$	$	$	$	$
TOTAL EXPENSES (School & Convent)	$	$	$	$	$

Convent Expenses

	Actual	Projects			
	1984-85	1985-86	1986-87	1987-88	1988-89
CONVENT EXPENSES					
Domestic (salary)					
Auto expense (If paid by parish/school)					
Fuel, electricity, water, gas, phone					
Repairs					
Property Insurance					
Health Insurance — Sisters (If paid by parish/school)					
Rental, non-parish residence for Sisters					
Equip., furn., improvements					
Other convent expenses					
TOTAL CONVENT EXPENSES	$	$	$	$	$
SCHOOL STATISTICS					
Total School Enrollment					
Total number of classrooms in the building					
Total number of classrooms used for school purposes					

Grades offered and grade enrollment (Insert grade enrollment on line and number of classrooms per grade in parentheses)

1984-85	1984-85 Total Enrollment
K ____ ( ), 1 ____ ( ), 2 ____ ( ), 3 ____ ( ), 4 ____ ( ),	
5 ____ ( ), 6 ____ ( ), 7 ____ ( ), 8 ____ ( ), 9 ____ ( )	
1985-86	1985-86 Total Enrollment
K ____ ( ), 1 ____ ( ), 2 ____ ( ), 3 ____ ( ), 4 ____ ( ),	
5 ____ ( ), 6 ____ ( ), 7 ____ ( ), 8 ____ ( ), 9 ____ ( )	
1986-87	1986-87 Total Enrollment
K ____ ( ), 1 ____ ( ), 2 ____ ( ), 3 ____ ( ), 4 ____ ( ),	
5 ____ ( ), 6 ____ ( ), 7 ____ ( ), 8 ____ ( ), 9 ____ ( )	
1987-88	1987-88 Total Enrollment
K ____ ( ), 1 ____ ( ), 2 ____ ( ), 3 ____ ( ), 4 ____ ( ),	
5 ____ ( ), 6 ____ ( ), 7 ____ ( ), 8 ____ ( ), 9 ____ ( )	
1988-89	1988-89 Total Enrollment
K ____ ( ), 1 ____ ( ), 2 ____ ( ), 3 ____ ( ), 4 ____ ( ),	
5 ____ ( ), 6 ____ ( ), 7 ____ ( ), 8 ____ ( ), 9 ____ ( )	

Appendix G

Parish Elementary School — Five Year Plan

(School Name, Town) _____

SCHOOL INCOME	Budget 1984-85	Projections 1985-86	1986-87	1987-88	1988-89
TUITION					
a. Kindergarten					
b. Parishioners					
c. Non-Parishioners Catholic family					
d. Non-Catholics					
e. (Contingency for uncollectable tuition)	(_____)	(_____)	(_____)	(_____)	(_____)
TOTAL of: a, b, c, d, (minus e)					
ASSESSMENT FROM PARISHES OF NON-PARISHIONERS					
FEES (Graduation, Registration, etc.)					
GIFTS, ENDOWMENTS					
SUBSIDY FROM PARISH					
ALL OTHER INCOME					
a. Cafeteria — Milk Program (Include student payment & federal subsidy)					
b. Collection drives for school					
c. Parent & Student fund raising activities					
d. Other sources					
TOTAL of: a, b, c, d.					
DEVELOPMENT INCOME					
TOTAL SCHOOL INCOME	$_____	$_____	$_____	$_____	$_____

Tuition Detail

(School Name, Town) _____

		Actual	Projections			
		1984-85 Tuition	1985-86 Tuition	1986-87 Tuition	1987-88 Tuition	1988-89 Tuition
Parishioners	1					
	2					
	3					
	4					
	5 or more					
Catholic Non-Parishioners	1					
	2					
	3					
	4					
	5 or more					
Non-Catholics	1					
	2					
	3					
	4					
	5 or more					

Appendix H

Five Year Development Plan

Place in the boxes the task or objective to be accomplished that year in an effort to improve the overall development position of the school.

	1984-85	1985-86	1986-87	1987-88	1988-89
QUALITY CATHOLIC EDUCATION					
BUSINESS MANAGEMENT					
PUBLIC RELATIONS					
PARENT-STUDENT FUNDRAISING					
ALUMNI ACTIVITIES AND FUNDRAISING					

Note: Cite Specific Activities

Five Year Development Plan

Place in the boxes the task or objective to be accomplished that year in an effort to improve the overall development position of the school.

	1984-85	1985-86	1986-87	1987-88	1988-89
ANNUAL GIVING PROGRAMS (OTHER THAN PARENTS AND ALUMNI)					
BUSINESS AND COMMUNITY CULTIVATION & INVESTMENT					
NEWSLETTERS AND OTHER COMMUNICATIONS VEHICLES					
FOUNDATION GRANTS					
ENDOWMENT PROGRAM (ESTABLISHMENT OF ADVISORY COMMITTEE AND PROGRAM)					

Note: Cite Specific Activities

Chapter 5

FUNDRAISING

by George Hofbauer

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Introduction

The amount of effort and funding that is increasingly being filtered into fundraising yearly indicates its growing importance to all private non-profit institutions. This is especially true for schools. Universities were the only educational entity really concerned with generating additional funds in an organized fashion in the not too distant past.

The last ten to twenty years have found these schools for higher education refining their programs for solicitation to a highly sophisticated degree. Professional "Development Offices" have been established. Many presidents spend a great deal of their time and effort "telling the story" of their institution so as to generate financial support and good will for it.

Recently, high schools have started to organize in an attempt to generate additional funds that are needed to balance their budgets. It seems that the ultimate survival of any form of private education will find itself dependent upon fundraising in the immediate future. Success will demand the ultimate in sophistication, direction, energy and dedication.

This section will be devoted to a variety of techniques that either have been, or can be used to generate funds. The following projects will be covered: 1) Direct Mail; 2) Auction; 3) Survey; 4) Series of Other Fundraisers; 5) Endowment and 6) Rentals.

Direct Mailing

Direct mailing has become a lucrative source of income in recent years for a variety of individuals and institutions in search of funding. It is efficient and inexpensive while demanding a minimum of organizational activity.

This basically requires the issue of a letter of request to an individual or business who may have an interest in the institution that is posing the request. The letter is usually signed by the chief administrator of an institution. A mailing list must be created. This list must be constantly updated and refined.

These letters can be very specific in their request. They can detail a particular item such as a boiler or a new series of books for the curriculum. They can also be very general, describing the school and a variety of its activities, requesting funds to help balance the budget and maintain existing programs.

There are a variety of groups that a school can apply to for financial assistance. They are listed here in the order of most probable response. A sample letter follows the group title.

School Staff

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Dear Eve:

Yes, that's right. This is our yearly Appeal letter. I know that you already do a great deal for the school and for your students. I know that you are a dedicated, hard worker. I know that you are a professional.

I do not feel that I ever have been able to adequately express my real appreciation for any teacher over the past four years. Try as I may, the right words and actions never seem to come.

We have launched ourselves into a challenging and exciting future. I know we can succeed, because of the common strength, determination and destiny that we share. One of the greatest challenges we face is funding. Please help me raise the $83,000 deficit we face this year. Help me by encouraging your students in sales, by asking your contacts for donations to the Auction, by sharing any fund-raising ideas you may have with me, and, if you can, by donating to this Staff Appeal Drive.

Please place your donation in the enclosed envelope and leave it in my mail box. I would like to end the Staff Appeal Drive by the end of October.

Thank you for your consideration.

George

Parents with Children In School

Exhibit 1

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. and Mrs. John Smith
Top of Capitol Hill
Seattle, WA 98112

Dear John and Martha:

Welcome to your first year at St. Joseph's! I hope that you and your family will have an enjoyable and beneficial experience here. The first month has gone by so quickly that it takes my breath away. The next 8 months, I am sure, will be just as swift and even more hectic.

One frightening aspect of passing time is the reality of a decreasing number of hours in which to raise a large amount of money. Bills keep coming in, and payments keep going out. We must constantly bring in the extra money to balance our budget. Our deficit this year is $62,000, which is a large part of our $472,000 budget. Fundraising activities, therefore, will be under way throughout the school year.

This Appeal letter is one of our most important funding vehicles. All parents receive it. Even former and present teachers and some alums and alumni parents receive it. The response has always been good.

Please help us by making a donation to help offset our deficit. This is vital to our economic life.

You will find a self-addressed, stamped envelope enclosed. Please return it with your contribution.

Thank you for your consideration.

Sincerely,

George Hofbauer
Principal

Exhibit 2

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. and Mrs. John Doe
418 20th Avenue East
Seattle, WA 98112

Dear John and Jane:

This is the season of Thanksgiving. It is a perfect time to stop and think about the many blessings we have to be thankful for. We hope you will count St. Joseph's among yours.

The enrichment, enlightenment and opportunity this institution offers are merely reflections of the many individuals who form us. You are a very important part of that structure. You are the beginning and the end of our support and our purpose. Without you our light would cease to shine, and the world would become just a little darker.

Please help us proudly march forward as beacons into a challenging future.

This Thanksgiving Appeal is a major fund-raiser for us as we try to wipe out our $68,000 deficit. Please use the enclosed stamped envelope to send us your contribution.

Thank you.

Sincerely,

George Hofbauer
Principal

Exhibit 3

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. and Mrs. Reluctant Giver
5555 Uneasy Street
Seattle, WA 98112

Dear Reluctant and Worried:

This is the third "appeal letter" you have received.

I realize that this is your first year at St. Joseph's and that you may not be aware of the importance of this vehicle. We are very dependent on the anticipated income that this activity generates.

Parents, friends, alums, students and faculty have raised over $46,000 so far this year. That figure represents an amazing amount of hard work. But we must raise an additional $14,000 before the end of the year if we are to take care of this year's deficit, and we have only two months to do it. We need your help!

Thank you.

Sincerely,

George Hofbauer
Principal

BEST COPY AVAILABLE

BEST COPY AVAILABLE

Businesses and/or Organizations Doing Business with the School

Parents Whose Children have Graduated

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. and Mrs. Former Parent
1128 Capitol Hill
Seattle, WA 98112

Dear Former and Future:

September is a very important month for me and for all of us at St. Joseph's. It marks the beginning of a new year. It marks the beginning of an exciting journey with young minds. Also, it marks the onset of a gigantic financial struggle for survival.

We constantly strive to deliver quality Catholic education. Our role is extremely important in the chaotic world that faces our youth. Please help us serve and preserve our true national treasure -- our children.

This year our deficit is $100,000. I sometimes feel that my youth is being drained away as I struggle to bring in these funds. The Lord must truly be with us, because we do, with the help of people like you, reach our goal each year.

You will find a self-addressed envelope enclosed. We would appreciate very much any donation you send us. I realize that you do not have a child enrolled with us this year, but I hope your joyful and satisfying experience with us in the past allows you to participate in this Appeal Drive.

Thank you for your time and your consideration.

Sincerely,

George Hofbauer
Principal

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

St. Vincent de Paul Society
c/o 712 16th Avenue East
Seattle, WA 98112

Dear Board Members:

I would like to start this letter by thanking you for your support and assistance to our community in the past. Your resources and presence have made a definite difference in the lives of a great number of people.

I ask you to consider our school this year as part of your Outreach Program.

We are faced with more and more needy families each year as the cost of education escalates. We budgeted $19,000 in scholarship grants this year, but we already have given close to $30,000. This is money we do not have. It increases our deficit, which is the target for our fund-raising efforts.

This year we must raise about $83,000. We would appreciate very much any assistance you might be able to extend to us. It would be applied toward a scholarship for a St. Joseph's parishoner. Please use the self-addressed enclosed envelope for your response.

Thank you for your time in considering this request.

Sincerely,

George Hofbauer
Principal

Alumni

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. Loyal Grad
1428 Future Lane
Seattle, WA 98112

Dear Loyal:

Do you remember walking down the hallways of St. Joseph's? Lunch in the cafeteria? Student body Masses? Teachers who made lasting impressions in your life?

Much about you stems from the years you spent here. Just as the school helped to form you, you were instrumental in the formation of the school. We hope that you will renew this partnership, because we really need your help.

Fund raising has become a major activity at St. Joseph's. This year alone, for example, we have had to come up with an extra $60,000 to balance our budget. Already we have raised over $51,000, but we need the remaining $8,000 within the next month.

Many alums are contributing during our Alumni Appeal Drive, and we hope that you will, too. We are enclosing a stamped, self-addressed envelope for your convenience in sending in your donation. Remember, every little bit helps!

Thank you for your support.

Sincerely,

George Hofbauer
Principal

Those who employ mailings to solicit funds must go about it in an organized fashion. A mailing should be coordinated so as to correspond with an event such as Christmas or Thanksgiving. It could also relate to a particular event an institution may be orchestrating.

It is best to send out mailings to reach the recipient near the end of a month. Most people receive a paycheck at the end of a month regardless of how often they receive it within the month. The "Appeal Letter" has a great possibility of being placed on a stack with the other monthly bills and being paid along with them.

The recipient of a donation solicited through the mail must quickly respond. The giver both wants and deserves recognition. A good response also sets the stage for future donations.

Lists should be created and continually updated. These lists of known givers will grow as time passes by. They will prove to be a good source of ever increasing finances.

One should not give up on a person when an appeal is not responded to. Those who are directly related to an institution can be solicited three times within a given year before hopes for a response should be forgone. This would not be true for large national lists. Continued solicitation via the mail to people with no connection to an institution whatsoever could prove to be an expensive waste of time and money.

Auction

Auctions are very popular at the moment. There are some cities where the competition for items and participants is extremely intense. The basic elements of an auction are the crowd, the location, the items to be sold, and the auctioneer.

The crowd that attends the auction should have money to spend, and have some emotional feelings for, or investment in, either the institution the event benefits, or someone affiliated with the institution. This creates a spirit of giving and allows for funds to be generated. An auction filled with poor people to generate funds for a needy organization will lead to frustration for everyone involved.

The event should take place at a centrally located facility. Ample parking is important. When possible, it is beneficial to hold the auction within the confines of the facility it is intended to benefit. This strengthens the ties, reinforces the emotional commitment, and fosters a spirit of community. This should not, however, take place if overcrowding and a deteriorated auditorium would detract from and possibly destroy the auction.

Items to be auctioned off are not really that difficult to find. They do, however, demand persistence and organization for their proper solicitation.

Those who receive services provided by the institution being benefited by the auction are a logical source for items. They may be able to obtain something from their place of work. They may also be able to offer some services themselves. Finally, they may be able to solicit items from stores with which they conduct business.

Another logical source to generate items for an auction are those who are employed by the institution being benefited.

Finally, the institution itself can acquire auctionable items. A simple review of an organization's bills and accounts allows the formation of a list of businesses that desire to see the institution succeed. Local businesses usually offer items in an attempt to foster healthy public relations.

Many individuals are not comfortable soliciting items for an auction. Some of those same individuals, however, have valuable contacts that would graciously offer assistance if they were asked. A form letter that appears to be personal offers a way to overcome this minor obstacle. By employing this method, the more reserved person does not feel undue pressure. All they have to do is supply a name. The following letter is a sample that could be used. It indicates that someone else will do the "calling."

BEST COPY AVAILABLE

Letter of Participation

St. Joseph's School
700 18th Avenue East
Seattle, WA 98112

Mr. Frank Voogd
Manager, Washington Athletic Club
1325 6th Avenue
Seattle, WA 98101

Dear Mr. Voogd:

I am the principal of an inner-city Catholic grade school. We are open to all students, regardless of race or religion. Our institution saves the taxpayers of this state over $1,350,000 per year. This is the additional cost the government would incur if our 450 students were in state-run schools.

We have to raise over $100,000 to balance our budget each year. One of our major events is our auction, from which we usually profit between $30,000 and $36,000. Tax-deductible donations in the form of either cash or items for auction are solicited by parents, teachers, and friends from the organizations they do business with.

Most of the hotels in the downtown area already participate. I would like to offer you the opportunity to help in this worthy cause.

I have been a very satisfied member of the Washington Athletic Club for ten years. I have used just about every facility available to me and have found them all to be excellent. It is the perfect place to entertain either large or small groups.

I am enclosing photo-copies of some of my statements for the past two years.

Your participation in our auction would be very much appreciated. Mrs. Patricia O'Leary, one of our parents, will be contacting you soon for your reply.

Thank you for your time in considering this request.

Sincerely,

George Hofbauer
Principal

An auction book should be prepared offering a variety of items for the auction. The book should contain the following sections:

- Welcome letter
- Auction rules
- List of advance cash donations
- List of business patrons
- Complete list of auction items by floor section, listing location, donor's name & value of item.
- List of auction committees

Auction Rules

Registration:

As you check in you will receive your bidding number.

Silent Auction: 5:00 p.m.

Bid sheets are attached to or displayed near each item.

Bidding Procedure:

1. You may bid on a silent auction item by entering your name, bidding number and bid on the bidding sheet.
2. Bid raises must be in minimum amounts specified on bid sheet . . . if minimum bid is not observed, bid is void.

BEST COPY AVAILABLE

Welcoming Letter

St. Louise School
133 - 156th Avenue South East
Bellevue, WA 98007
February 1983

Welcome to AUCTION '83!
A major fund-raising event such as this requires the hard work, dedication and skill of many devoted people. There have been so many people working to organize the events of this evening that we cannot possibly list everyone. However, we would like to express our thanks to the General Auction Committee and Soliciting Committee comprised of the following people:

General Committee	Soliciting Committee
Charmi Arregui - Soliciting Chairman	Mary Starke
Nancy Schneble - Food	Patty Murphy
Veronica Williams - Silent Auction	Sue Schellhas
Bill Dooris - Display	Mary Keeffe
Colleen Yuhl - Inventory	Janie Carr
Leona Muller - Catalogue	Sasa Kirkpatrick
Linda Lindsey - Reservations	Janet Casne
Mike & Pat Winckoski - Clean Up	Mike Winckoski
Bob Popovich - Bar Manager	Steve Aaslund
Kathy Havens - Thank Yous	Jeanne Zierten
Penny Lyons - Publications & Advertisement	Carol Mathi
Fred Lyons - Set Up	Sue Christenson
Pat MacNichols - Raffle	Jim Binder
Mary Starke - Cashiers	John Luger

Special thanks to Ann Pizelo, Principal; Sr. Pat Larson SNJM, Vice Principal; Arleen Neighbors, Secretary; Sally Close, Parish Receptionist; and to our ever faithful plant engineer, Don Negri.

The enthusiasm and love of our committee for this schoolhave been evident in the tireless hours of thought and action given to the success of this project. We are grateful also to the families of St. Louise who have accepted their role and responsibilities as members of this school.

To all of you who donated auction items, and to those of you who are with us this evening, our sincerest "thank you."

Our thanks to the many businesses and persons apart from our school who have donated merchandise and services towards the success of this auction. We ask that you please give our donors your patronage in return for their generosity.

And now.....to everyone here present.....HAVE A WONDERFUL EVENING!

Sincerely,

Penny and Fred Lyons
Chairmen

3. A signature on a bid sheet constitutes a legal contract to buy.
4. All items in the Silent Sections: Blue, Yellow, Green and Orange may be bid upon throughout the evening until officially closed.
5. Unless otherwise specified, all auction services must be used within one year of purchase.
6. Disputes will be resolved by an auction official at the time of the closing.

Closing Times:

Green Section—5:45 p.m.
Yellow Section—6:30 p.m.
Blue Section—7:15 p.m.
Orange Section—8:00 p.m.

Cashiers:

Silent Auction Cashiers will open at 5:30 p.m.
Oral Auction Cashiers will open at 9:30 p.m.

Oral Auction: At 8:30 p.m. immediately following silent auction:

1. The oral auction will begin at 8:30 p.m. and will continue until all items have been auctioned. Oral auction items will be on view in the parish hall from 7:30 p.m.
2. The highest bidder acknowledged by the auctioneer shall be the purchaser. A signature on the bid sheet constitutes a legal contract to buy.

3. Unless otherwise specified, all arrangements between donor and buyer must be made and services used within one year of purchase.
4. Bidding order of oral auction items subject to change after publication of catalogue.

Auction Committees

There are four basic committees that must be organized for an auction.

- Tabulation
- Acquisition
- Display
- Dinner

The following descriptions explain the functions of each committee.

TABULATION

A. Record-keeping
   1. For every item of service donated, make sure there is a donation form completed and/or signed where necessary.
   2. Transfer the information on the donor form to an index card so it can be written up for the catalogue.
   3. File the donor forms alphabetically by donor name in file.
   4. Put items in storage room.
   5. Make sure items donated were actually received.
   6. Separate four-part form: office copy and bidder copy together, white copy for business directory, gold for donors who didn't keep them.

B. Catalogue
   1. Help chairman organize and decide where items should go in the catalogue and auction.
   2. Help chairman decide what items to get for auction with donated money.
   3. Help with write-ups for Oral Auction and for Auctioneer.
   4. Put number on each item for Silent and Oral Auction.

C. Day of Auction
   1. Supervise the transfer of items from storage to their proper places in the Silent auction.
   2. Make sure forms are in numerical order for cashier.
   3. Make list of items for drawing of door prizes.
   4. Make sure that items donated look their best. (polish or clean where necessary.)
   5. Put all certificates in envelopes, number them, and put them with the donation form so cashiers can easily find them.
   6. Organize white forms for thank-you notes, separating business donations from parent and other donations.

ACQUISITION

A. Try to acquire as many donations as possible from the business community.

B. Send out letters to all Businesses that have given in the past and compile a list of new businesses from the various business communities' catalogues. (Auction Catalogue from previous year is used for old businesses.)

C. A committee of team leaders should be selected. Between 15 and 20 people are needed.

D. The chairman will make up individual packets of 10 or 12 business contacts. (The name, address and telephone number of the businesses will be written out.)

E. Each team leader will receive one of the packets. His/her job is to assign about 3 or 4 of these businesses to others. These people will then personally contact each business assigned.

F. The team leaders will be responsible for getting all information of their teams back to the chairman.

G. Calendar of Events (for Fall-Winter Auction)

1. Letters to businesses should be sent out as early in the spring as possible.
2. Team leaders should be selected before school is out.
3. Packets should be sent to team leaders *at least* by four months before the auction.
4. The deadline for getting donations should be about two weeks before the event.

H. A large, poster-size chart of all team leaders and the businesses they have been assigned should be made and posted in the auction room for the purpose of compiling donations as they come in. This can be done when school starts.

I. Chairman must keep checking with team captains to make sure things are getting done.

DISPLAY

(Responsible for signs, help order tables, sound system, silent auction forms, set-up of silent and oral items.)

A. Signs

1. Find people to be in charge of tents (one for each silent auction item and one for each visual oral auction item).
2. Find people to be in charge of wall signs in oral auction room—a title sign for each item with some color.
3. Find people to be in charge of display signs (big) for non-visual oral auction items.
4. Find people to be in charge of miscellaneous signs.
   a. Closing times for each section
   b. Bar
   c. Cashier
   d. Restrooms
   e. Registration
5. Small signs for non-visual silent items (pictures, menus, etc.)

B. Silent Auction Display
   1. Order silent auction bid sheets three months before the auction.
   2. Tables
      a. Count tables on hand.
      b. Coordinate with dinner, bar, cookies, reservations, stage and cashier; then order the extras needed.
      c. The layout of the tables in the gym is decided while catalogue is being laid out.
      d. Get the room measurements.
      e. Decide the color scheme and order paper covering.
   3. Prepare a bid sheet for each item.
      a. Reduce the copy of the catalogue description on each form, and then cut and paste it onto the bid sheet.
      b. On each form, write the item number, closing time, minimum bid and raise.
   4. Count and sharpen pencils.
   5. Order additional lighting if needed.

C. Silent Auction Set-up
   1. The day before the event.
      a. Set up tables and cover.
      b. Come prepared with tape, scissors, glue, staplers and markers.
   2. The day of the event.
      a. Workers deliver items to Auction Room.
      b. Place standards and section numbers and closing times on each section.
      c. Lay bid sheets in appropriate places.
      d. Workers take items where they belong.
      e. Arrange items, i.e., take out of boxes, hang coats and clothes on music stands.
      f. Distribute display signs and pencils for each item. Tape down bottom copy of bid sheet.
   3. After the event is over.
      a. Come back to save pencils, display items and signs.

D. Set-up of Oral Auction
   1. Order the sound system one month before the event.
   2. Signs
      a. Make large signs for non-visual items with numbers.
      b. Make wall signs with the title and number.
      c. Make the display signs for visual items with numbers. This is a big job and should be divided among several people.
      d. Make a number board so people know what number you are on.
   3. The day of the event.
      a. Worker deliver items.
      b. Prepare tables.
         1) Cover with cloths.
         2) Place tables near front half of stage, but leave room for:
            aa) Recorders' tables and 2 chairs, clipboards;
            bb) Auctioneer and 2-4 helpers;
            cc) Sound system and number boards;
            dd) Walking space.

c. Display Items.
1) Large items can display smaller items.
2) Should be visually appealing and well-balanced.
3) Set of signs.

4. After the event.
a. Come to save visual aids and return any borrowed items.

E. Display Calendar
1. Three months before the event—order silent bid sheets;
2. One month before the event—order lighting system;
3. One month before the event—order sound system;
4. One month before the event—calculate and order paper for signs;
5. One month before the event—order paper for tables;
6. One month before the event—find people to make signs;
7. One month before the event—find someone to cut and paste catalogue descriptions on bid sheets.

F. Display Expenses
1. Light system.
2. Sound system.
3. Ribbon.
4. Miscellaneous Paper.
5. Miscellaneous Supplies.
6. Table Paper.

DINNER

(General Coordinator)

A. Dinner
1. Contract a head chef six months before the event.
2. Find assistants.

B. Decorations
1. Find a chairman six months before the event.
2. Find helpers.

C. Bar
1. Find a chairman three months before the event.
2. Find helpers.

D. Dinner Set-up
1. Find a chairman four months before the event.
2. Find helpers.

E. Servers
1. Find coordinators three months before the event.
2. Find helpers.

The auctioneer is of course, an extremely important part of the auction. This is the person who draws the whole event to a conclusion. He or she must be a professional.

At times, organizations will ask one of its members to conduct the auctioneering. The results can be catastrophic. The pace of the activity and the relationship between the crowd and the individual conducting the auction are extremely important.

Organizations should do whatever they can to get a maximum financial return on the time and energy invested in putting on a event of this magnitude. They should never overlook the importance of their auctioneer in selecting someone for that task.

Auctions are really only recently coming of age. Martin Lefkowitz of the United States Chamber of Commerce estimates that auctions are a 50 billion dollar-a-year industry with a great deal of growth potential. They have been a source of bargains and entertainment for years in the rural communities, and now they are spreading into the cities.

Survey

A survey is a fantastic instrument to employ in the attempted generation of both funds and input. People feel good about themselves when they are asked for an opinion.

The information one generates from a survey must be put to use in some way or the public will lose faith in it. It can be employed yearly when it is used properly.

This format also eases the tension some feel when they are asking for funds. The actual request is couched among other questions. These questions should be designed so as to indicate the need for extra donations.

The survey can be conducted with either individuals or groups. Anticipated results are important in deciding which technique is to be employed. It would seem appropriate to set up individual appointments with potential major donors and to conduct mass interviews with everyone else.

The following survey (on page 115) is a typical example of this concept. It generated $10,000 from 312 families.

Sample Survey

NAME _____ GRADE(S) _____

CHILD(REN)'S NAME(S) _____

1 = Strongly Agree
2 = Agree
3 = No Real Feeling
4 = Disagree
5 = Strongly Disagree

	1	2	3	4	5
1. I know I should do more for the school.	☐	☐	☐	☐	☐
2. The tuition is too high for what I get.	☐	☐	☐	☐	☐
3. The tuition is too low for what I get.	☐	☐	☐	☐	☐
4. The school provides an excellent academic program.	☐	☐	☐	☐	☐
5. The school provides an excellent enrichment/arts program.	☐	☐	☐	☐	☐
6. I want to keep all the programs the school has now.	☐	☐	☐	☐	☐
7. I agree with the school priorities as I see them.	☐	☐	☐	☐	☐
8. I am satisfied with the administration of the school.	☐	☐	☐	☐	☐
9. I feel that my family has done as much as we should to help out in fundraising.	☐	☐	☐	☐	☐
10. I would support a Capital Improvement program with extra money.	☐	☐	☐	☐	☐

11. I will make a pledge to help offset the $108,000 deficit for this year.

☐ Yes ☐ No Amount _____ Starting Month _____

Monthly amount _____

12. The aspect of this school I am least satisfied with is:

☐ Building upkeep
☐ Teaching
☐ Administration
☐ Religion Program
☐ Discipline
☐ CYO
☐ Other _____

Please contact the following families for possible future enrollment:

NAME	ADDRESS	PHONE	GRADE

Other Fundraisers

Some of the major fundraisers have been covered, but there are countless others. A short list of them with some brief descriptions follows.

A THONS

There are Jog A Thons, Dance A Thons, Swim A Thons, Bike A Thons, and many more. They all have one simple concept in common. Participants find sponsors to pledge a certain amount of money to a specific cause for each time the participant completes a given act.

LAS VEGAS NIGHT

Gambling nights are usually heavily ladened with state regulations. The profits for the night go to the sponsoring institution.

SALES

Anything you find in a store can be sold through an institution as a fundraiser. There is usually either a 60/40 or a 50/50 split. There are also garage sales and bake sales where everything is donated so the institution collects the full profit.

ADOPT A STUDENT

This program requests individuals to pay for a less fortunate child's education. A packet containing program guidelines, count down calendar, sample mailing, bulletin notices, gift record form, "thank you" letter and program cost sheet is available for $5.00 from Mr. Thomas J. Bradley, Coordinator, Adopt A Student Program, 1635 West Flower Circle N, Phoenix, AZ 85015, 602/252-3058.

BE CREATIVE

The more creative and individualistic an institution can be in their fundraising activity, the greater is the likelihood of success. Sound planning, persistence, and organization are the ingredients for success.

Endowment

Endowment is rapidly becoming the financial savior of private education. The future will see it as one of the three major financial supports for private education. The other two being tuition, and fundraising events. There are those who look upon church subsidy as a fourth major support for Catholic education. Its future, however, seems to be dubious at best.

An endowment is a stable though growing fund that is above and beyond the annual operating income of an institution. It is meant to help a school take care of itself during the trials and tribulations of economic downturns. It is also a source of funds for either anticipated or unexpected capital expenditures. These funds are no longer meant solely for universities. They are a necessity for the future of Catholic elementary schools.

Funds must be constantly sought for an endowment. A professional committee must invest the revenues so as to generate the highest possible return. An institution must never take any of the actual capital from an endowment fund unless it is looked upon as a loan that will be paid back in a pre-planned timely fashion with the standard rate of interest. Only the interest generated from the endowment should actually ever be used.

This insures the soundness and the integrity of the fund as an ever present financial vehicle.

This type of a fund is one to which people are more willing to give large sums of money. This is because their money is used over and over again to support a cause. This is a perfect area to ask people to consider in their wills.

Rentals

Finally, the plant itself can generate income. A school is not used year round. It is not even used round the clock. There is, therefore, a large amount of space that can be made available to the public at a profitable price.

This is an area of potential income that an institution must approach rather cautiously. It must be cost effective from the outset or it should not be considered. The use of heat and electricity must be contained within the rental price. Labor must also be considered.

Someone may have to lock and/or unlock the doors. Janitorial staff may be needed to prepare an area and/or clean an area. There will be time that must be spent by a member of the institution setting up the whole arrangement.

The general wear and tear that takes place shortens the life of the area being used. There is even an expense that is generated in disposing of waste a group leaves behind.

Many times institutions do not take all of the above mentioned items into consideration when they decide on a rental fee. They, therefore, put themselves in the position of financially subsidizing groups that are employing the use of their facilities. This certainly does not seem to be a wise course of action for entities that are struggling to insure their own financial existence.

The tax exempt status of an institution must also be kept in mind. Technically, this prevents any relationship with a "for profit" group. There are instances, however, when it may prove wise to remove the non-profit status from a portion of the institution because of the revenues that can be generated.

The use of a facility by a wider range of the public also brings a greater awareness of its existence to the public. This is an important extra benefit. Awareness is very important to private schools in this day and age. Their existence can no longer be taken for granted. They must market themselves.

Chapter 6

STEPS TOWARD DEVELOPMENT

by Robert J. Yeager

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Introduction

Many Catholic elementary schools are already moving in the direction of development; many others are just planning to begin and often suffer from confusion about the proper directions to take. It is interesting to note that many private schools have had flourishing development programs for years. Some of them enroll students in prekindergarten through only Grade 2 or 3. This fact points toward the possibility of good development practices at any level of education.

Concept of Development

As administrators begin to "jump into development" they must carefully understand that development is not simply one more form of fund raising. As Richard Burke points out "development is not synonymous with fund raising, but is rather a long-term process which grows out of institutional planning."[1] Robert Stuhr also notes that "Development is more than fund raising strengthened by marketing tools."[2]

For success, good development requires:

- understanding
- commitment
- involvement
- long-range planning
- a well thought out and thoroughly enunciated case statement
- creation of a funded endowment for both current and special projects

At the risk of being overly philosophical, it must be pointed out immediately that development as conceived for American Catholic elementary schools is defined as the overall concept which holds that the highest destiny of an institution can be realized only by a total effort on the part of the entire institution to *analyze* its philosophy of mission and activities, to *crystallize* its objectives, *project* them into the future, *take* the necessary *steps* to realize them and continually follow through to see that the objectives are realized.

Development Process Elements

This concept of development is implemented in elementary schools through a process which:

- evidences quality Catholic education;
- evidences good business management practices;
- practices effective marketing techniques; and
- attracts the support both of people and money.

It should be evident already that development cannot be done only by those who have responsibility and concern for Catholic elementary schools.

Development is a *team effort*. The team must include administrators (pastor and principal), teachers, students, board of education members, parents, grandparents and others interested in the promotion of education at the local level. There is no way in which a principal or pastor can "do development" by themselves. They may serve as the spark which initially ignites the fire, but ultimately all those names here will have roles to play. Just as in an orchestra, not all can be directors or all play first violin; so too the differentiation of roles in the total development program is necessary.

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[1]Richard J. Burke, *Catholic School Management Letter*, Richard J. Burke & Associates, Hartford, CT, May 1982, Vol IV, 1, p. 1.

[2]Robert L. Stuhr, *Bulletin on Public Relations & Development for Independent Schools*, Gonser Gerber Tinker Stuhr, Chicago, IL, June 1982, p. 1.

Beginnings

As elementary school administrators become convinced of the importance of a development program for their school, they often feel there is a period of time during which they are moving "toward a full development program" but are not yet ready to hire a development director full or part time. During this period it is especially important that the administrator, pastor, Board of Education and other interested parties act in ways which will ultimately be helpful to the fledgling development program when it is launched. All those involved in this phase will begin to grow in knowledge of and especially interest in a full development program.

The following are suggestions of some possible activities which might be pursued in this phase. No priority is intended in this list—neither is it suggested that a particular school necessarily engage in all of them.

Suggestion 1: Begin to inservice pastor, Board of Education members and school staff with materials that give information about the true nature of development as described in this chapter. Any techniques which can be used to cause small and large group discussion about the "possible" application of the concept of development to this school will be most helpful.

Suggestion 2: Continue all current fund raising activity but especially review to make sure that it is being done with a goal in mind and that all ethical concerns are being met. Questions should be asked about the use of students for "sales" and the impact this has on the whole educational philosophy of the institution.

Suggestion 3: Review all materials sent to various publics from the school, especially those sent to parents. Are they presented in a form which clearly and actually states the message that is intended? Are regular news releases on school matters sent to the parish bulletin, local and diocesan newspapers? What about the same to local radio and television stations? Personal contacts with publishers and newspersons will enhance one's basic position. News needs to be sent on a regular basis, not only in a crisis situation. Keep your school before all parties that could possibly find interest.

Suggestion 4: How are address records of current students' payments kept? What about alumni, especially recent ones? A special list of grandparents of current students should be readily available which lists all grandchildren by name. Another list worth developing is that of graduates who have succeeded especially well or become well known locally, regionally, or nationally. In time you will want to contact them to tell the story of their "roots." In the meantime there is time to do a thorough research on them.

Suggestion 5: Find out about any operational development programs in your immediate area. If there are some on either elementary or high school level make contact with the development officer. Spend some time with this person finding out the first steps used in the program as well as current strategies and techniques.

Suggestion 6: Prepare an up-to-date history of your school from the very beginning. It is important to show the real community needs that *this* school has met over the years of its existence. Who are some of the outstanding people who were educated in *this* institution? At what points in time and under what particular circumstances did this school make an impact on the community? Sources for this information may include parish year books, information on file in diocesan education office or chancery. Do not forget to look in back copies of local newspapers available through the public library. The total result of this historical narrative when completed should form the basis for a case statement.

Program Personnel

Suggestion 7: Somewhat akin to suggestion 6, one could begin to gather anecdotal information from graduates which shows a meaningful relationship to the school. Some of this information might be used in the history. It might also be used as a way of discovering and cultivating future donors.

Suggestion 8: Anything done to increase the professional manner in which communication is carried on between school and home will be helpful. Written information sent home with students need not be elaborately done, but should be well written and attractively designed and presented. Notices of school activities which invite parental presence should state very clearly what the parents are being asked to do including time, date, length of meeting and location.

Suggestion 9: Grandparents are a great asset to an elementary school and often have the time and resources to be involved in a program. Some elementary schools regularly have a program for grandparents just prior to Thanksgiving. This is a splendid opportunity to teach about one's "roots" with a spirit of gratitude for all that older generations have done for a child. The invitations can well be written by the students themselves. The program will include *all* students and might showcase classroom activities as well as a more general assembly type program. A half day ending with the grandparent having lunch with the grandchild is very effective. Grandparents certainly have many opportunities to spread the good word about the school.

Suggestion 10: Volunteers in some elementary schools have prepared excellent slide and cassette programs showing the campus, classrooms and activities of the school. These programs are useful for recruiting new students, but also for spreading the news of "what goes on" at the local Catholic elementary school. Some groups have been invited to present such a program to local service clubs, e.g. Rotary, Kiwanis and Knights of Columbus.

Suggestion 11: Buy a school camera. Begin to take pictures showing students and staff involved in all types of school experiences. Make a point to get each student in some kind of picture during the first month of school each fall. Be sure to keep negatives for further use and label them well, so that you can easily recognize all people and what they are doing. It is equally important to get the pastor and/or associate pastors in some of these activity pictures.

School Mission

When the development program is begun there must be a person whose time and energies will be devoted in large part if not exclusively to development. Development will not succeed if it is just one more activity undertaken by an already overcommitted principal and/or pastor. The development director's position will take various institutional formats. But regardless of the differences, the position must not be tacked on to someone already overburdened.

Development must emphasize the school's mission. For an individual school this means that the local development program must make a convincing argument why *this individual* Catholic elementary school exists in this city right now. Donors and those who can grow in interest for an individual school are mission oriented. They want to know:

- why this school exists

- why its program is important to the church and civic communities it purports to serve
- what its production or results are—translated into what is going on with students while they are enrolled and where they enroll for high school
- whom this school serves, not just in terms of numbers and from whence they come, but what particular special interest groups of the civic community are served by this school.

Planning — Short & Long Range

In chapter 4, Richard Burke details institutional planning both short and long term. From that material, it is evident that every school should have at least a five-year plan showing income and expenditure for that five-year period. Projected enrollment is also part of this same planning process.

Members of the local school board play a very important part in the development program. Some members will no doubt wear the dual hat of board member as well as be a parent of current students. These people will bring an important dimension to the development effort. It is very necessary that board members be given continued "in-service" on various areas of information related to development, so that they may make a significant contribution to its success. From the very outset board members should know the necessity of five year planning, be a part of its implementation, and serve on groups forming a case statement. Informed involvement is the surest way of creating interest.

Continual work with annual and long-range goals, together with a written plan for their implementation, is a logical activity in which to include board members. This is an ongoing activity if done properly. Goal yielding is sometimes difficult for Catholic elementary schools, who may in the past have had more of a siege mentality. Much of our national past history shows that we built out of "reaction to" rather than as a logical step which was attempting to achieve a long-range goal. In goal planning primary emphasis must be on students served by the school and on the donors who support the program.

Development Director as Marketing Manager

The development director serves as a marketing manager in a local elementary school. We have passed from the time in which the Pastor could ascend the pulpit on the third Sunday of August and remind all parents that under pain of refusing them the sacraments they were "commanded" to send their children to the local parish school beginning the day after Labor Day. We are now in a buyer's market, and in some places in a market in which there is a reaction to the earlier scenario.

The development director as marketing manager sets the general marketing plan (within the annual school plan), directs its implementation and controls its operation. The focus must be on the institution's service and program, on those who benefit by it and on activities to reach their special interests.

This involves, along with other activities, the basics of development procedure:

1. *Obtaining the Facts*—about your programs, their contribution to your publics—your "customers" or donors.
2. *Re-articulating Your Mission and "Product."*
3. *Listing Your Objectives.*

4. *Selecting Your Target Markets* —Schools should identify their "publics"—groups of people with common views or expectations. Markets are simply those publics to which the school wishes to appeal to obtain support. Too little time has traditionally been spent in analyzing these markets or segmenting them into various sub-markets. Alumni are a good example. Often there is important variance among alumni groups according to age, location, or occupation as to their interest in the school or what appeals to them. "Segmenting markets" or separating groups such as alumni, parents, the local community, major donors into sub-groups with varied interests will help the administrator be more efficient and productive. Analyzing their market potential will help establish priorities in time and budget.
5. *Planning Your Approach* —Reaching each segment of your market by the means most likely to appeal. For instance: Do the alumni of the 1960's and '70's react as favorably to class agent appeals and class comparisons as do the alumni of the 1930's and '40's? Do alumni who received financial support while in school have a special interest in giving to financial aid today? Each market requires a special understanding and approach.
6. *Constructing a Written Development (Or Marketing) Plan* —A written plan helps to obtain consensus. The very effort of planning brings institutional groups together.
7. *Involving All Parts of Your Institution* —The development concept emphasizes that building a greater institution is everyone's job. The marketing concept holds that all parts of the organization must work together to produce the right product, at the right price, to make it available at the right place, and support it with the right promotion.

Donor Cultivation

In this, the marketing approach and concept strengthen the development concept. And both are more than fundraising.

One of the opportunities which an ongoing development provides for a Catholic elementary school is that of cultivating gifts and gift givers on a regular basis. Although the management of the ongoing effort to identify, cultivate and solicit prospects should ultimately be a top priority of the development director, in reality, the preliminary ground work will be laid by principal and/or pastor.

For the school moving in the direction of development, it is important for all connected to the program to identify a program of donor cultivation. Every community has persons whose interest and resources can be cultivated for the benefit of the school. Obtaining gifts is not a one time casual effort. The process must be continuous and includes researching, planning, strategizing, scheduling, cultivating, and asking for the gift. Even the basic research step is not easy, as wealth is not easy to guess.

Obtaining gifts above all requires team work as noted earlier. The pastor must be willing to allot time to make calls on top prospects. The principal (or director of development) will coordinate all parties concerned. The members of the Board of Education should lend assistance in advising and supporting the pastor and principal. They may also be involved in making calls on actual donors. Other persons may volunteer who are willing to use their influence with prospects.

Ultimately it is the development officer who must organize the process, monitor and inspire the effort to search out, cultivate and see that major prospects are asked to support major projects and programs by making gifts.

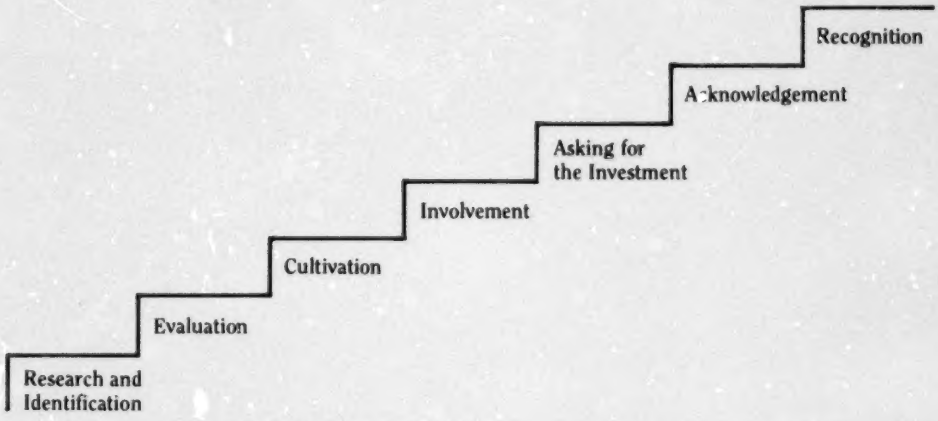
Process of Obtaining Gifts

The process of obtaining gifts requires a planned strategy.[1] Gifts don't just happen—someone makes them happen as a result of a well thought out plan.

The sequential steps in this process are these:

- *Effective research* by the development staff among the school's key interested publics to identify individuals, foundations or corporations capable of making a commitment to the school's programs.
- *Evaluation* of the prospect's interest's, resources and potential. How much could the prospect give? What form might the gift take? Cash, appreciated property, stocks and bonds, life insurance. What interests does the prospect have?
- *Cultivation* of the prospect to bring him/her into a close relationship with the school and its programs. Volunteers are especially useful at this step.
- *Involvement* of the prospect in the life of the school through participation on a committee, as a guest speaker on some occasion such as graduation, parents/students banquets, as a member of Board of Education.
- *Ask for the gift!* Some gifts are never received simply because the "ask" never occurs. When the time is right, the most influential person (Pastor, Principal, Volunteer) must make a presentation and ask for a specific gift.
- *Extend proper acknowledgement* for the gift. Be prompt, be thorough, be appropriate and then
- *Provide recognition to the donor.* Make sure you know that the recognition is to the donor's liking. Not all donors want a public fanfare over a gift, yet nearly everyone desires some degree of recognition.

Each step prepares the way for the next step if it is successful. If a step is not successful different ways of reaching the next step must be found. Continuous activity is important. When the top step is reached, it is usually time to repeat the process.



[1]This process and explanation is presented with the permission of its source—Gonser Gerber Tinker Stuhr, Chicago, IL.

A Word on Volunteers

While continuous and aggressive staff (Pastor, Principal and Development Director) work is needed to obtain major gifts, the role of the volunteers is an equally potent force. Every elementary school has board members, alumni, parents, and other friends who can advise concerning approaches to prospective gift-givers and, even more, support the efforts to contact and "sell" the prospect.

Such volunteers are available, but they must be given the staff help to use their talents most effectively in a way which will conserve their time and efforts. Volunteers are very busy persons in their own lives. Their time is a precious and expensive commodity. It must be treated as such when used in a development program.

The initiative to suggest "moves" and next steps must come from the staff members. There are many ways volunteers can use their "clout" in moving up the steps to success with a donor, but staff members must suggest them, recommend them, and make it possible for the volunteer to assist.

Summary

The NCEA will offer a full seminar on development related topics in conjunction with its annual convention for the next several years beginning in April 1984. Also in preparation are further print materials on the various parts that make up development. All of this information can form the basis for successful development programs in local institutions. The NCEA will continue to act as a national clearinghouse on the topic of development for Catholic elementary and secondary schools. Member schools are always welcome to seek further information on this emerging trend by contacting the author of this chapter.

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